

12/23/82 50300-1 A
ALASKA DEPARTMENT OF LABOR
BILL SHEFFIELD, GOVERNOR

ALASKA ECONOMIC TRENDS



ALASKA ECONOMIC TRENDS

**Bill Sheffield, Governor
State of Alaska**

**Jim Robison, Commissioner
Department of Labor**

**John E. Post, Director
Administrative Services**

**Chuck Caldwell, Chief
Research and Analysis**

Sally Saddler, Editor

**In Cooperation With:
Employment Security Division
Alaska Department of Labor**

**Bureau of Labor Statistics
U.S. Department of Labor**

**Employment and Training Administration
U.S. Department of Labor**

**December 1982
Volume 2
Issue 12**

ALASKA ECONOMIC TRENDS is published monthly by the Alaska Department of Labor, Research & Analysis Section, P.O. Box 1149, Juneau, Alaska 99811. Controlled circulation approval pending at Juneau, Alaska 99811.

POSTMASTER: Send address change to ALASKA ECONOMIC TRENDS, P.O. BOX 1149, Juneau, Alaska 99811.

In This Issue

Population Growth Impacts Employment	1
Oil Industry Trends	3
The Japanese Economy	4
Trade: Anchorage's More Stable Industry	7
Fairbanks Retail Trade Increasing	15
Kodiak and Cook Inlet Fishery Drags	16
Juneau to Remain Alaska's Capital City	19
White Pass Railroad Idles Skagway Workers	20
Hours and Earnings in September	21

Regular Features

October Preliminary/September Revised

Unemployment Rate and Graphs

Alaska and U.S.	2
Anchorage and Alaska	10
Fairbanks and Alaska	14

Nonagricultural Employment By Industry

Alaska	5
Anchorage	8
Anchorage/Matsu	9
Fairbanks/Interior	12
Fairbanks	13
Gulf Coast	17
Southeast Alaska	19

Composite Nonagricultural Indexes

Alaska	3
Anchorage	11
Fairbanks	14

Hours and Earnings	22
(September Preliminary)	

Labor Force By Region and Census Division

Colored Insert

Preliminary State population as of July 1980. . .

Correction:

Preliminary State population as of July 1982. . .

ALASKA

By Brit Harvey

POPULATION GROWTH IMPACTS EMPLOYMENT

Population growth is often viewed as a function of basic industry growth. As basic industry expands, overall employment grows, with population following as immigrants arrive to take advantage of new opportunities. While this causal link between basic industry and population levels is certainly valid and important, the total relationship is more complex.

Population growth is the key element in economic "maturation." As population increases, threshold levels of demand for secondary industry goods and services are reached, stimulating an increasing amount of secondary industry employment per basic industry job. This process exhibits positive feedback, that is, it "feeds on itself." As secondary industries mature, they draw more population, allowing further maturation. Alaska is currently experiencing this process, primarily in the Anchorage area.

Alaska population in April 1980 was 401,851 according to the decennial census. However, some undercounting probably occurred. A rough estimate of July 1980 population based on the census figure is 406,000. Preliminary State population as of July 1980 is conservatively estimated to be in excess of 460,000.^{1/} While census undercounts or estimating idiosyncracies may account for some portion of the difference, it is clear that Alaska is experiencing dramatic population expansion. The focus of this expansion is the Anchorage area and the lower railbelt generally. The economic implications are substantial and frequently overlooked.

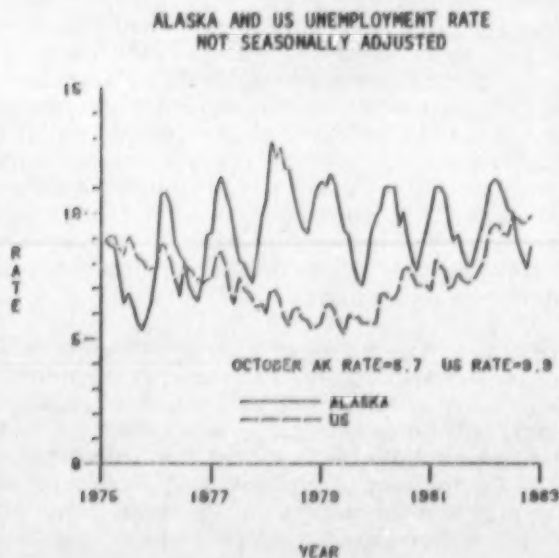
There are many examples of economic sectors where employment is expanding in response to population growth. Medical services which previously required trips to Seattle are increasingly available in Alaska. Increased population helps support demand for education at the University of Alaska, allowing the provision of educational programs which were previously not available in-state. Perhaps most significant is increasing competition in both price and availability among

1/ Alaska Department of Labor Estimate.

trade and service businesses. As population increases, particularly in Anchorage, demand thresholds are met for increasingly specialized providers of goods and services. Mail order sales diminish, as does the necessity to contract with outside consultants. The population increases associated with this employment growth result in further demand and the process continues.

An interesting result of this positive feedback loop is changes in employment "multipliers," or the number of secondary industry jobs supported by each basic industry job. During Alaska's frontier period, when limited demand supported few secondary businesses, multipliers were very low. As Alaska's economy matures, the multipliers for basic industry employment are changing, rendering historical relationships between basic and secondary employment outdated.

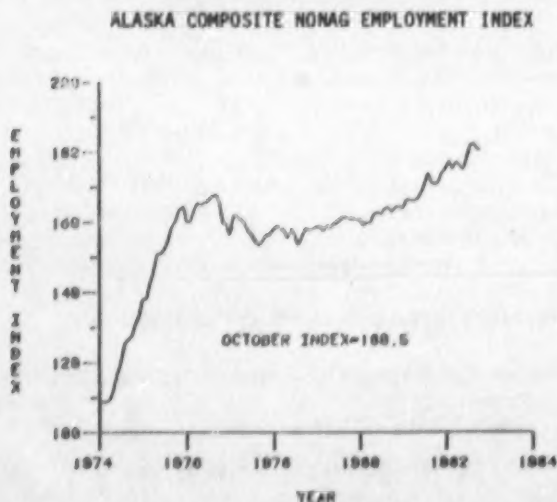
The process of economic maturation does not end when secondary industries mature. When population expands sufficiently, basic industries such as agriculture and manufacturing for local demand become economically viable. Alaska is a long way from this degree of economic maturation.



OIL INDUSTRY TRENDS

While oil prices continue to hold steady, the downward pressure is mounting. Several OPEC countries are undercutting the price agreement imposed by Saudi Arabia, and non-OPEC sources such as Mexico and Great Britain have cut prices. Despite Prudhoe Bay wellhead prices drifting slightly higher during the summer, the probability remains of further price declines.

Should world oil price declines materialize, most analysts see a period of relative austerity for the large multinational oil corporations which operate in Alaska. This could mean fewer resources allocated by the industry to Alaska exploration, and a resulting slowing in employment growth. The large sums spent on federal Beaufort Sea leases recently tend to indicate, however, that any scrimping and saving in Alaska will be minimal. Having sunk large amounts of cash in leases, companies will be under pressure to receive a return as soon as possible, even if "as soon as possible" in the energy industry is five to ten years. It appears that the attractiveness of the Beaufort Sea geology overwhelms any corporate budget fears. Alaskans will probably be affected by oil price declines through the medium of state expenditures rather than through diminished oil company budgets.



**ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/**

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 8/82	r/ 7/82	8/81	p/ 8/82	r/ 7/82	8/81	p/ 8/82	r/ 7/82	8/81
MINING	\$21.90	\$21.78	\$19.06	54.7	53.6	49.9	\$1197.93	\$1167.41	\$951.099
CONTRACT CONST.3/	23.79	23.84	21.54	45.6	46.1	49.5	1084.82	1099.02	1066.23
MANUFACTURING	10.24	10.63	10.27	49.1	41.9	47.0	502.78	445.40	482.69
Food & Kindred Prod.....	8.27	8.16	8.33	53.2	42.8	50.0	439.96	349.25	416.50
Lumber & Paper Prod.....	15.14	14.71	14.57	39.6	38.6	41.5	599.54	567.81	604.66
TRANS., COMM. & UTIL.	14.95	15.00	14.14	40.3	39.0	40.9	602.49	585.00	578.33
TRADE	9.88	9.73	9.50	35.7	35.6	35.9	352.72	346.39	341.05
Wholesale Trade	11.75	11.75	11.55	40.2	38.5	39.2	472.35	452.38	452.76
Retail Trade	9.04	8.67	8.65	34.0	34.5	34.6	307.36	306.02	299.29
FINANCE, INS. & R.E.....	--	--	--	--	--	--	362.36	361.06	342.87

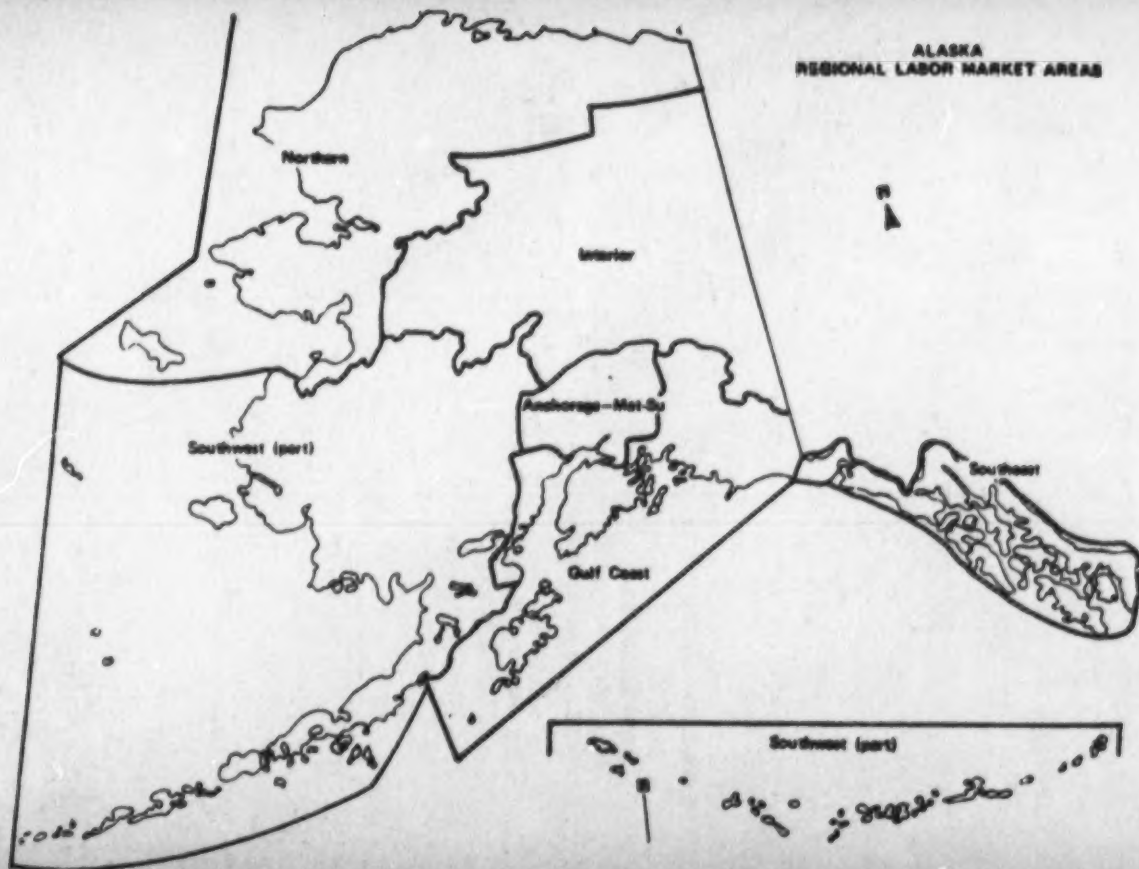
1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

3/ Due to technical revision in construction sample, 1982 estimates are not strictly comparable to previous years data.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

ALASKA
REGIONAL LABOR MARKET AREAS



British Petroleum (BP), acting independently and through Sohio, its 53% owned U.S. affiliate, was the most active bidder in the recent Beaufort Sea lease sale. BP is undergoing a somewhat painful transition. Originally named Anglo-Iranian Petroleum, BP for many years depended on crude production in British colonies and quasi-colonies, primarily Iran and Nigeria. Having lost control of both these sources, BP is now heavily dependent on Alaskan production. BP, the world's sixth largest corporation, relied entirely on Sohio for its profits in the first half of 1982.² Sohio contributed more than a quarter of a billion dollars to BP's profits during this period. BP is currently attempting to strengthen its position in Alaska, while simultaneously closing unprofitable European refining capacity. With approximately a 26% share of Prudhoe Bay (through Sohio), a 29% share of Kuparuk, and 33% ownership (directly and through Sohio) of the oil pipeline, BP has more at stake in Alaska than any other corporation.

THE JAPANESE ECONOMY

The Alaska fishing and forest products industries depend on Japanese demand for their products. While in recent years the Japanese economy, and its industrial organization in particular, have been envied and emulated by U.S. businesses, the Japanese themselves are not so sanguine. Japanese sources describe the current situation with words such as "sank deeper into the quagmire," "slipped further," and "sluggish."³

A strong yen decreases the relative price of Alaska products in Japan. The decline in U.S. interest rates of the past few months was expected to result in a stronger yen. Instead, the yen dropped even further to 276 to the dollar as of mid-November, primarily due to a massive outflow of yen from Japan. To make matters worse, Japanese housing starts, the primary indicator of demand for Alaska logs and cants, are continuing to decline. The combination of weak demand and a weak yen results in a dreary outlook for Alaska forest products employment.

NONAGRICULTURAL EMPLOYMENT

Alaska nonagricultural wage and salary employment declined

2/ Petroleum Economist; October 1982; p. 400.

3/ Industrial Bank of Japan, Monthly Report; September 1982; p. 17.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ALASKA**

CHANGES FROM:

	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary	191700	197700	182800	-6000	8900
Mining	7900	8300	7500	-400	400
Construction	17500	18100	15500	-600	2000
Manufacturing	8900	12100	10500	-3200	-1600
Food & Kindred Prod.	3400	6200	4800	-2800	-1400
Lumber & Paper Prod.	2300	2500	2500	-200	-200
All Other Mfg.	3200	3400	3200	-200	0
Trans. Comm. & Util.	18700	19800	18000	-1100	700
Trucking & Wheeling.	2000	2200	2100	-200	-100
Water Transportation	1600	1800	1300	-200	300
Air Transportation	5500	5600	5600	-100	-100
Other Transportation					
Comm. & Utilities	9600	10200	9000	-600	600
Trade	34500	34800	32300	-300	2200
Wholesale Trade	6900	6900	6200	0	700
Retail Trade	27600	27900	26100	-300	1500
Gen. Merchandise					
& Apparel	4600	4500	4400	100	200
Food Stores	4900	4800	4400	100	500
Eating & Drinking					
Places	9500	9900	9200	-400	300
Other Retail Trade	8600	8700	8100	-100	500
Finance-Ins. & R. Estate ..	9300	9500	8700	-200	600
Services & Misc.	33500	34300	32400	-800	1100
Government	61400	60800	57900	600	3500
Federal Government	17500	18000	17500	-500	0
State Government	18400	18300	17200	100	1200
Local Government	25500	24500	23200	1000	2300

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

by 6,000 jobs in October to 191,700. This decline is normal for October, as after seasonal adjustment there was no significant change in employment. Compared to last year, October employment was up almost 9,000 jobs, or 5%, reflecting continued strong growth in the Alaska economy. Alaska remains immune to the deteriorating economic conditions afflicting the rest of the U.S. and most of the world.

Among the basic industries, mining employment declined, as it usually does in the period between summer and the completion of ice roads on the North Slope. Mining employment remained about 5% above last year.

Construction, Alaska's premier growth industry, had an employment level 13% above last year. Although employment declined by 600 jobs during October, seasonally adjusted this was an increase. This is probably due to the increasingly year-round nature of Alaska construction.

Seafood processing employment virtually collapsed in October, dropping to the lowest October level since the current employment reporting system began in 1974. The near-complete disappearance of king crab throughout the state promises to make this a dismal fall and early winter in the fisheries-based towns around the state.

Forest products also is depressed, which is nothing new. A gigantic stumpage price decrease granted by the Forest Service to Louisiana Pacific-Ketchikan may improve profitability enough to translate into some employment gain, but this is not at all certain.

Government employment increased due to hirings for the new school year. Otherwise all levels of government decreased employment.

The secondary industries showed varying declines which roughly paralleled the overall decline in employment during the month.

ANCHORAGE MAT/SU

By Greg Huff

NONAGRICULTURAL EMPLOYMENT

Anchorage's first seasonal employment declines showed up in October, as employment dipped 2% below September. This is a predictable seasonal trend as the economy begins to slow down for the winter season. While services and construction industries experienced the largest losses, nearly all major industries also lost employment.

TRADE: ANCHORAGE'S MORE STABLE INDUSTRY

Trade in October is the one industry that bucks the seasonal trend because it traditionally begins to gear up for the Christmas season. Trade is also one of Anchorage's more stable industries. It reflects only modest seasonality for the summer tourist season and again for Christmas. The industry, comprised of retail and wholesale businesses, accounts for approximately 20% of total Anchorage wage and salary employment and is the second largest employer in Anchorage (government ranks first).

Trade employment is similar at the national level representing 22% of total U.S. employment. Because the national figure is an average for the nation there are places where trade employment constitutes a larger or smaller portion of total employment. Statewide trade employment represents 17% of total wage and salary employment; of this, 57% is in Anchorage. Anchorage has a higher proportion of trade employment than Alaska because it is the main distribution and transportation center for a large portion of the state. Anchorage has reached the critical market size to support a diversity of businesses including franchised firms.

Anchorage trade employment increased 3.5% compounded annually from 1974 to 1980. The only decline occurred in 1980 as a result of the sluggish post-pipeline economy. In 1981 trade employment surpassed previous levels by expanding 6.6% to 17,700. This increase was partially due to the opening of the Northway Mall and renewal of intensified economic

activity. The 1982 season is expected to bring similar to greater increases in trade employment due to the expansion of the Dimond Mall, renewed interest in small retail malls and a new interest in "retail condos" where the business owns its space.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE**

CHANGES FROM:

	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary	95400	97050	88700	-1650	6700
Mining	3350	3500	3200	-150	150
Construction	9750	10200	8850	-450	900
Manufacturing	2300	2550	2000	-250	300
Food & Kindred Prod.	350	450	300	-100	50
Other Mfg.	1950	2100	1700	-150	250
Trans. Comm. & Util.	9450	9750	8650	-300	800
Trucking & Wheeling.	1250	1300	1150	-50	100
Water Transportation	500	600	450	-100	50
Air Transportation	3350	3450	3100	-100	250
Other Transportation					
Comm. & Utilities	4350	4400	3950	-50	400
Trade	20900	20800	18750	100	2150
Wholesale Trade	4850	4850	4500	0	350
Retail Trade	16050	15950	14250	100	1800
Gen. Merchandise	1950	1900	1950	50	0
Food Stores	2400	2350	2100	50	300
Eating & Drinking					
Places	5750	5750	4850	0	900
Other Retail Trade	5950	5950	5350	0	600
Finance-Ins. & R. Estate ..	6450	6450	5950	0	500
Services & Misc.	18900	19400	18050	-500	850
Government	24300	24400	23250	-100	1050
Federal	9850	10000	9800	-150	50
State	6450	6350	5800	100	650
Local	8000	8050	7650	-50	350

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE-MATSU**

CHANGES FROM:

	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary.....	99700	100900	92450	-1200	7250
Mining	3450	3600	3300	-150	150
Construction	10150	10600	9200	-450	950
Manufacturing	2350	2600	2100	-250	250
Trans. Comm. & Util.	9750	10100	9050	-350	700
Trade	21650	21550	19500	100	2150
Finance-Ins. & R. Estate ..	6500	6550	6000	-50	500
Services & Misc.	19400	19900	18550	-500	850
Government	26450	26000	24750	450	1700

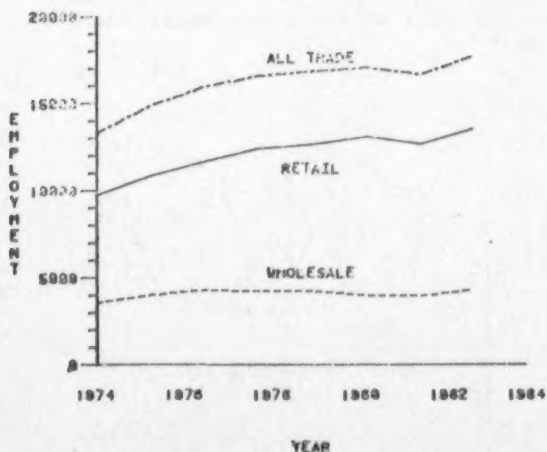
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

ANCHORAGE ANNUAL AVERAGE TRADE EMPLOYMENT

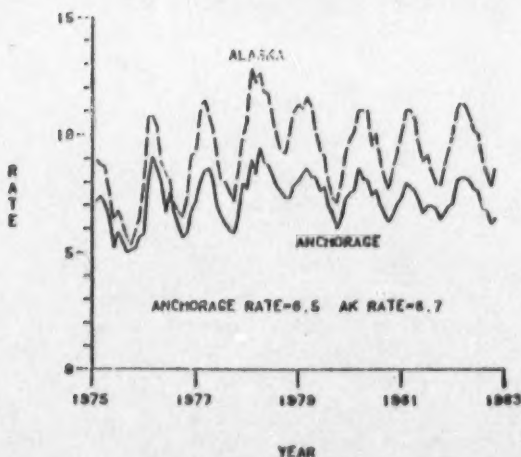


The trade industry is meeting the increased market demand and aggregate purchasing power caused by population growth and increases in per capita income. Despite healthy growth in trade over the past two years, trade's percentage share of total nonagricultural employment has remained stable over the past eight years.

There have been some interesting changes within the industry itself. Percentage share shifts have occurred in five broad retail sectors: general merchandise (Sears, Penney's, etc.); food stores; auto dealers and gas stations; eating and drinking places; and miscellaneous retail stores (drug stores, variety shops, etc.). Of these, eating and drinking places employ the largest portion of employees in the trade industry, followed by miscellaneous retail stores, food stores, general merchandise and automotive.

The share shift has occurred between four of these categories. General merchandise and automotive, having had no significant employment changes over 1974 levels, remain a stable share of total trade employment. Employment in food stores and eating and drinking places has increased 10.5% and 6.5% compounded annually which has increased their share of total trade employment. If trade employment breakouts for the U.S. as a whole are an indication of the direction of Anchorage,

ANCHORAGE AND ALASKA UNEMPLOYMENT RATES



LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	P 10/82	R 9/82	10/81	P 10/82	R 9/82	10/81	P 10/82	R 9/82	10/81	P 10/82	R 9/82	10/81
Alaska Statewide	200407	204572	195927	17337	15892	16941	8.7	7.8	8.6	183070	188680	178986
Anch.-MatSu Region.....	104739	105579	99847	7313	7046	7095	7.0	6.7	7.1	97426	98533	92752
Anchorage.....	94494	95327	90189	6097	5925	6033	6.5	6.2	6.7	88397	89402	84156
Matanuska-Susitna	10245	10252	9658	1216	1121	1062	11.9	10.9	11.0	9029	9131	8596
Gulf Coast Region	21729	22891	21995	2782	2561	2283	12.8	11.2	10.4	18947	20330	19712
Cordova	1112	1152	1158	98	64	103	8.8	5.6	8.9	1014	1088	1055
Kenai	11302	11878	11370	1648	1519	1326	14.6	12.8	11.7	9654	10359	10044
Kodiak	4819	5164	4860	493	522	359	10.2	10.1	7.4	4326	4642	4501
Seward	1645	1689	1660	294	239	254	17.9	14.2	15.3	1351	1450	1406
Valdez	2851	3008	2947	249	217	241	8.7	7.2	8.2	2602	2791	2706
Interior Region	26698	26688	26360	3266	2773	3002	12.2	10.4	11.4	23432	23915	23358
Fairbanks	21846	21838	21470	2747	2345	2432	12.6	10.7	11.3	19099	19493	19038
Southeast Fairbanks...	2103	2110	2145	187	155	235	8.9	7.3	11.0	1916	1955	1910
Upper Yukon	637	652	642	66	69	72	10.4	10.6	11.2	571	583	570
Yukon-Koyukuk.....	2112	2088	2103	266	204	263	12.6	9.8	12.5	1846	1884	1840
Northern Region	8704	9009	8524	553	505	594	6.4	5.6	7.0	8151	8504	7930
Barrow-North Slope ...	2361	2431	2323	162	137	184	6.9	5.6	7.9	2199	2294	2139
Kobuk.....	2734	2819	2654	204	180	193	7.5	6.4	7.3	2530	2639	2461
Nome	3609	3759	3547	187	188	217	5.2	5.0	6.1	3422	3571	3330
Southeast Region	28826	30084	29308	2747	2379	3182	9.5	7.9	10.9	26079	27685	26126
Angoon	403	397	397	58	31	51	14.4	7.8	12.8	345	366	346
Haines	989	1027	974	109	93	93	11.0	9.1	9.5	880	934	881
Juneau	10302	10693	10304	835	643	819	8.1	6.0	7.9	9467	10050	9485
Ketchikan	8048	8203	8303	562	379	807	9.3	6.1	12.8	5486	5824	5496
Outer Ketchikan	822	757	900	176	71	253	21.4	9.4	28.1	646	686	647
Prince of Wales	1355	1460	1383	148	179	174	10.9	12.3	12.6	1207	1281	1209
Sitka	4217	4626	4197	392	566	366	9.3	12.2	8.7	3825	4060	3831
Skagway	1420	1468	1461	145	114	183	10.2	7.8	12.5	1275	1354	1278
Wrangell- Petersburg.....	3270	3433	3389	322	303	436	9.8	8.8	12.9	2948	3130	2953
Southwest Region	9711	10341	9893	676	628	785	7.0	6.1	7.9	9035	9713	9106
Aleutian Islands.....	2546	2728	2573	89	87	96	3.5	3.2	3.7	2457	2641	2477
Bethel	3155	3349	3280	281	259	383	8.9	7.7	11.7	2874	3090	2897
Bristol Bay Borough ...	351	377	363	27	28	36	7.7	7.4	9.9	324	349	327
Bristol Bay	1297	1373	1304	84	69	81	6.5	5.0	6.2	1213	1304	1223
Kuskokwim	837	896	878	53	54	88	6.3	6.0	10.0	784	842	790
Wade Hampton	1525	1618	1495	142	131	101	9.3	8.1	6.8	1383	1487	1394

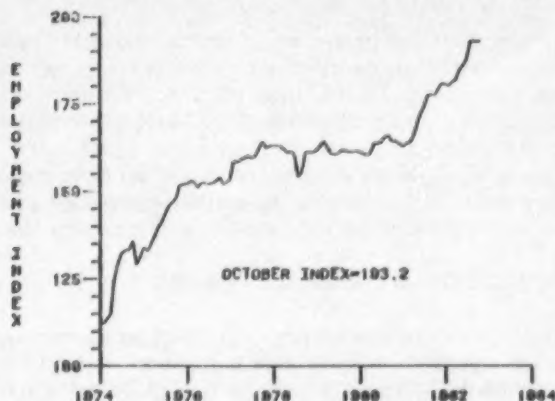
P/-Preliminary 1981 Benchmark

R/-Revised

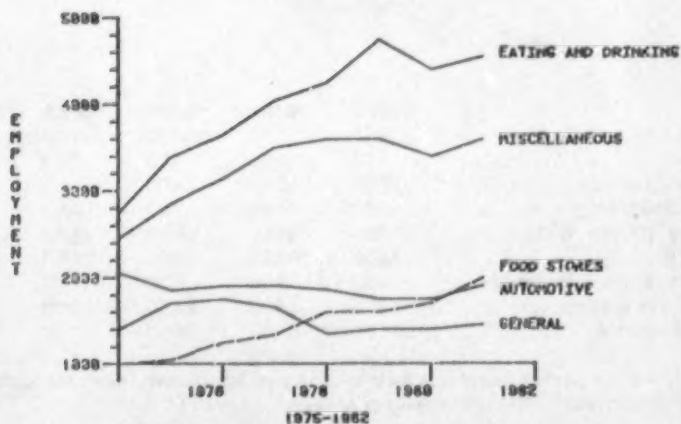
Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

trade employment ratios should stabilize. Anchorage ratios are approaching U.S. ratios as the Anchorage economy matures.

ANCHORAGE COMPOSITE NONAG EMPLOYMENT INDEX



RETAIL TRADE EMPLOYMENT BY SECTOR



INTERIOR/FAIRBANKS

By Neal Fried

UNEMPLOYMENT

After many months of decline Fairbanks and the Interior region unemployment rates increased by almost two points reaching 12.6% and 12.2%, respectively. The rates grew largely as a result of seasonal layoffs in the Interior economy. In addition to seasonal factors Fairbanks' labor force has grown. The number of unemployed has more than kept up with increases in labor force employment as a result of an increase in the number of job seekers in the Interior.

NONAGRICULTURAL EMPLOYMENT

After 8 consecutive months of growth Fairbanks nonagricultural wage and salary employment posted the year's first seasonal declines in October. October typically brings the first

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK INTERIOR

	CHANGES FROM:				
	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary	27050	27750	26450	-700	600
Mining	250	250	250	0	0
Construction	2550	2550	2450	0	100
Manufacturing	550	600	700	-50	-150
Trans. Comm. & Util.	3600	3750	3550	-150	50
Trade	4500	4650	4400	-150	100
Finance-Ins. & R. Estate ..	900	900	800	0	100
Services & Misc.	4550	4900	4450	-350	100
Government	10150	10150	9850	0	300

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

news of seasonal declines in conjunction with the first snow fall and onset of winter. Employment in all but two industries declined or remained unchanged. Losses were large enough to overwhelm employment gains in finance and government. These seasonal employment declines can be expected to continue for the next 3 to 5 months as the thermometer falls even further. Particularly hard hit will be seasonal industries such as services and construction which create a ripple effect throughout a majority of the remaining industries.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS**

	CHANGES FROM:				
	P/ 10/81	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary.....	23450	23850	22700	-400	750
Mining	50	50	50	0	0
Construction	2400	2400	2350	0	50
Manufacturing	500	500	500	0	0
Trans. Comm. & Util.	2750	2800	2650	-50	100
Trucking & Wheeling.	400	450	400	-50	0
Air Transportation	700	700	650	0	50
Other Trans. Comm.					
& Utilities.....	1650	1650	1600	0	50
Trade	4150	4300	4000	-150	150
Wholesale Trade	700	750	650	-50	50
Retail Trade	3450	3550	3350	-100	100
Gen. Merchandise					
& Apparel	400	400	400	0	0
Food Stores	600	600	550	0	50
Other Retail Trade	2450	2550	2400	-100	50
Finance-Ins. & R. Estate ..	850	800	750	50	100
Services & Misc.	4150	4450	4050	-300	100
Government	8600	8550	8350	50	250
Federal	2300	2400	2400	-100	-100
State	3900	3800	3600	100	300
Local.....	2400	2350	2350	50	50

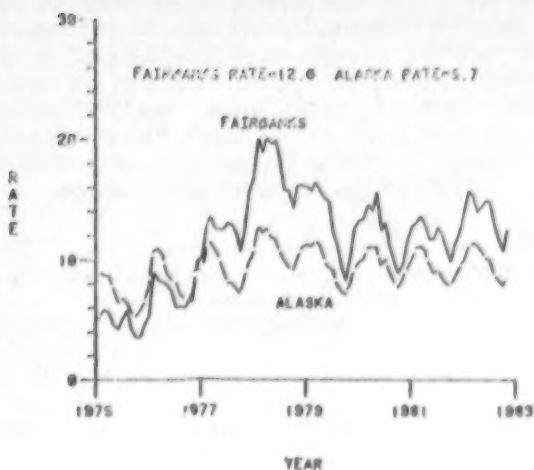
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

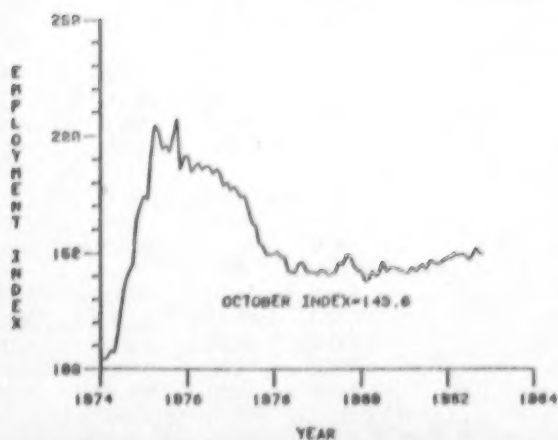
P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

FAIRBANKS AND ALASKA UNEMPLOYMENT RATES



FAIRBANKS COMPOSITE NONAG EMPLOYMENT INDEX



Over the year employment in all but two of Fairbanks' major industries have experienced growth. The overall growth rate continues to be 2 to 3%. Government has made the largest absolute gain increasing by 200 over last year's level. Most of the growth in government has come from employment in-

creases at the University of Alaska. Some growth has occurred in noneducational state government. In the private sector, retail and wholesale trade have made the largest employment gains.

RETAIL TRADE INCREASING

In an informal survey of Fairbanks' major retailers, the overwhelming response was that sales have increased this year; in some cases by as much as 20%. Most retailers did not attribute their increased sales to a growing economy but instead felt it was the result of having increased their share of the market. Retailer's methods of marketing may be the reason individual retailers perceive they are growing more rapidly than others, but because they are all experiencing growth much of it has to be attributed to an improved economy. Growth in the Fairbanks economy has been gradual, not outwardly visible. As a result this response may not be surprising.

Some retailers do a lion's share of their business for the year at this time. Most of the retailers are hiring additional employees to help cover the rush which begins as early as October and lasts through the first week of January. Fairbanks' Christmas season is projected to be vastly different from most of the remainder of the country, where retailers are girding themselves for a very slow season, a reflection of the nation's economy.

GULF COAST

By Neal Fried

KODIAK AND COOK INLET FISHERY DRAGS

Plummeting employment and rising unemployment in October is largely a result of this year's poor shellfish catch in the Gulf Coast. This industry typically loses employment in the late fall and early winter season with the end of the frantic salmon season, but this year's decline has been far more dramatic than most past years. Some have labeled it a disaster while others have said it was par for the course. This industry is not one that can be defined as one that experiences change in a gradual manner, but instead it undergoes frequent, abrupt changes from month-to-month and season-to-season. This year's shellfish catch has fallen far below average catch for the past decade causing employment figures to nose dive.

This decline is best illustrated by the wage and salary figures in food manufacturing (predominantly fish processing) which indicate a decline of more than 1,000 over the year-ago level. Almost all fish processors in the region are operating with far fewer employees than normal for this time of the year. In some cases employment is half of the year-ago level while some processors are not even operating because they are unable to obtain enough product to make it worthwhile to stay open.

The effect this is having on fishermen and their crews does not show up in these figures directly, but the fact that the fishery is depressed means they are spending less. This is beginning to be felt in other industries such as trade and services. Some employers are putting their employees that would normally be working full-time on a part-time basis and in some cases it is resulting in layoffs.

While Kodiak is feeling the decline most dramatically it is also being felt in Cordova, Kenai and other coastal communities in the Gulf Coast region. Both king crab and shrimp fisheries are experiencing the shortfalls. Kodiak feels the brunt of these losses because it is fishery is responsible for approximately 90% of the king crab catch and 70% of the shrimp catch in the region. During the past 6 years more people have been employed by Kodiak's fish processors than are presently employed in the entire region.

Kodiak's king crab catch in October was less than half (3.7 million pounds) 1981's catch (8.7 million pounds) and far below historical catch levels of the past decade. Cook Inlet's king crab fishery, which is substantially smaller than Kodiak's, has also fallen by almost 50%. Kachemak Bay was not even opened this year because earlier surveys showed crab stocks were too low to support a fishery. No one clear reason explains why these stocks are so low. Theories, such as increased predation of young crabs by cod and halibut, disease, or some other environmental change, exist so far.

The condition of the region's other major fishery, shrimp, is as bleak as king crab. Kodiak's shrimp catch thus far (10.8 million pounds) is only 59% of the year ago catch (18.2 million pounds) for the same time period, and far below average catch for this

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
GULF COAST**

CHANGES FROM:

	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary.....	16450	17600	16750	-1150	-300
Mining	850	900	850	-50	0
Construction	1250	1250	1150	0	100
Manufacturing	2500	3750	3550	-1250	-1050
Food & Kindred Prod.....	1650	2900	2700	-1250	-1050
All Other Mfg.	850	850	850	0	0
Trans. Comm. & Util.	1700	1700	1650	0	50
Trade	2550	2600	2300	-50	250
Wholesale Trade	400	400	350	0	50
Retail Trade	2150	2200	1950	-50	200
Finance-Ins. & R. Estate ..	450	450	450	0	0
Services & Misc.	2600	2600	2500	0	100
Government	4550	4350	4300	200	250
Federal	500	500	500	0	0
State	1450	1450	1350	0	100
Local	2600	2400	2450	200	150

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

decade. Cook Inlet's smaller shrimp fishery is also experiencing a poor year, but it is not as precipitously low as Kodiak's. Reasons for the poor shrimp prospects are better known than the king crab fishery. The poor shrimp harvest is largely attributed to past overexploitation; increased predation may also be an additional cause.

The dungeness crab fishery is also presently taking place in the Gulf Coast region, but it is a far smaller fishery than the former two. Kodiak's harvest thus far has been relatively good while Cook Inlet's has been poor.

The fishing industry is not expecting any reprieve until later this winter (January and February) when the tanner crab season opens. Kodiak is forecasting a good tanner season while Cook Inlet's is expected to be a replay of last year's poor season. Not until then will the region's employment in this industry climb to year-ago levels.

SOUTHEAST ALASKA

By Britt Harvey

JUNEAU TO REMAIN ALASKA'S CAPITAL CITY

Although it obviously did not affect the October figures, Southeast Alaska's employment outlook for the next several years was boosted by the electoral decision to retain the capital in Juneau. Juneau's population and high per capita income are capable of supporting a substantially higher level of local trade and services employment. At least one major department store has announced plans to open a

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK SOUTHEAST ALASKA

CHANGES FROM:

	P/ 10/82	R/ 9/82	10/81	9/82	10/81
Nonag. Wage & Salary.....	27000	28750	26500	-1750	500
Construction.....	1700	1800	1600	-100	100
Manufacturing.....	2450	3250	2650	-800	-200
Food & Kindred Prod.....	450	1100	550	-650	-100
Lumber & Paper Prod....	1750	1900	1900	-150	-150
All Other Mfg.....	250	250	200	0	50
Trans. Comm. & Util.....	2400	2650	2550	-250	-150
Trade.....	4300	4400	3950	-100	350
Wholesale Trade.....	350	400	400	-50	-50
Retail Trade.....	3950	4000	3550	-50	400
Finance-Ins. & R. Estate ..	1050	1150	1000	-100	50
Mining,					
Services & Misc.....	3900	4350	3600	-450	300
Government.....	11200	11150	11150	50	50
Federal.....	2150	2100	2200	50	-50
State.....	5250	5350	5050	-100	200
Local.....	3800	3700	3900	100	-100

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

Juneau branch, and other retailers are expected. Unless further credible capital move efforts develop quickly, an abrupt increase in Juneau construction employment is likely next spring.

WHITE PASS RAILROAD IDLES SKAGWAY WORKERS

The closing of the White Pass railroad has idled about 200 workers in Skagway. While White Pass is selling tickets for the next tourist season, it is unclear whether the line will be reopened next spring. The Teamsters Union strike of White Pass trucking operations did not occur until October 19, and therefore did not affect employment estimates, which are based on the week containing the 12th of the month. White Pass claims that the Teamsters strike of their trucking division is an attempt to force the reopening of the railroad. White Pass is attempting to truck the 25% of their cargo which remains after the closure of the Cyprus-Anvil mine through Haines.

It is interesting to note the chain of cause and effect which resulted in this blow to Skagway's winter economy. Worldwide recession reduced the demand for batteries, which are a major user of lead and zinc. Reduced demand lowered lead and zinc prices. The lowered prices made the Cyprus-Anvil mining operation unprofitable. The closure of the mine, which provided the majority of the White Pass cargo, triggered the closure of the railroad.

HOURS AND EARNINGS IN SEPTEMBER

By Britt Harvey

Mining hours and earnings data for September show an increase in hourly earnings. This is typical for the month. The decline in weekly hours is more unusual, and may reflect a change in payroll procedures by a large reporting firm.

Construction hourly earnings increased slightly, partly as a result of increases in union electricians' wages which became effective in September. Food and kindred hours and earnings dropped as the salmon season reached an abrupt finish. Overall hourly manufacturing earnings increased, as the proportion of relatively low paid seafood processing employees declined.

Among the remaining industries, average weekly hours and average weekly earnings either decreased or remained stable. This reflects less overtime worked and the first effects of the fall seasonal downturn in the economy.

**ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/**

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 9/82	r/ 8/82	9/81	p/ 9/82	r/ 8/82	9/81	p/ 9/82	r/ 8/82	9/81
MINING	\$24.86	\$21.90	\$20.77	47.5	54.7	52.1	\$1180.85	\$1197.93	\$1082.12
CONTRACT CONST.3/	24.14	23.79	23.22	43.1	45.6	43.4	1040.43	1084.82	1007.75
MANUFACTURING	13.03	10.24	12.08	34.4	49.1	34.6	448.23	502.78	417.97
Food & Kindred Prod.	8.35	8.27	8.73	29.8	53.2	30.4	248.83	439.96	265.39
Lumber & Paper Prod.	15.68	15.14	14.34	36.3	39.6	38.1	569.18	599.54	546.35
TRANS., COMM. & UTIL.	15.56	14.95	14.03	37.1	40.3	39.3	577.28	602.49	551.38
TRADE	9.88	9.88	9.52	35.1	35.7	33.8	346.79	352.72	321.78
Wholesale Trade	11.80	11.75	12.11	37.6	40.2	36.5	443.68	472.35	442.02
Retail Trade	9.08	9.04	8.50	34.1	34.0	32.9	309.63	307.36	279.65
FINANCE, INS. & R.E.	--	--	--	--	--	--	349.06	362.36	330.38

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

3/ Due to technical revision in construction sample, 1982 estimates are not strictly comparable to previous years data.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

ALASKA ECONOMIC TRENDS

**Bill Sheffield, Governor
State of Alaska**

**Jim Robison, Commissioner
Department of Labor**

**John E. Post, Director
Administrative Services**

**Chuck Caldwell, Chief
Research and Analysis**

Chris Miller, Editor

**In Cooperation With:
Employment Security Division
Alaska Department of Labor**

**Bureau of Labor Statistics
U.S. Department of Labor**

**Employment and Training Administration
U.S. Department of Labor**

**January 1983
Volume 3
Issue 1**

ALASKA ECONOMIC TRENDS is published monthly by the Alaska Department of Labor, Research & Analysis Section, P.O. Box 1149, Juneau, Alaska 99802.

POSTMASTER: Send address change to ALASKA ECONOMIC TRENDS, P.O. BOX 1149, Juneau, Alaska 99802.

In This Issue

The Petroleum Industry—Alaska Compared to Other States	1
Oil Demand and Economic Activity	4
Interior's Rural Economy	13
The Copper River Basin	19

Regular Features

November Preliminary/October Revised

Unemployment Rate and Graphs	
Alaska and U.S.	8
Anchorage and Alaska	10
Fairbanks and Alaska	15

Nonagricultural Employment By Industry	
Alaska	7
Anchorage	11
Anchorage/MatSu	12
Fairbanks	16
Interior	17
Gulf Coast	19
Southeast Alaska	22

Composite Nonagricultural Indexes	
Alaska	6
Anchorage	9
Fairbanks	14

Hours and Earnings	24
(October Preliminary)	

Labor Force By Region and Census Division

Colored Insert

THE PETROLEUM INDUSTRY- ALASKA COMPARED TO OTHER STATES

By Britt Harvey

Seven tables are presented which compare various aspects of the Alaska petroleum industry to other major producing states.^{1/} As revealed by these data, the Alaska industry does not conform to the lower-48 norm. The primary causes of this dissimilarity are the following:

1. The pattern of land ownership in Alaska differs from that of other major producing states. Alaska's oil lies almost entirely below land or waters owned by governments. Lower-48 states are typified by diverse ownership and resulting royalty payments. Government lease sales are the dominant means to secure exploratory acreage in Alaska, whereas lower-48 exploration frequently involves complicated negotiation with multiple land-owners.
2. Alaska production occurs exclusively in difficult drilling areas, where costs are high. Exploration in Alaska requires large capital expenditures, longer lead times, and expensive, frontier technology.
3. Alaska production is dominated by Prudhoe Bay, the largest petroleum accumulation discovered in North America. Alaska is considered the most likely state in which to find further large fields.
4. Alaska's oil industry is composed almost entirely of large corporations. Other states' oil industries are a combination of large multi-national corporations, smaller independents, and individual wildcaters operating in a variety of niches within the industry.
5. Alaska is primarily a producing and transporting state, with only relatively minor refining and wholesale or retail trade.

1/ All tables are from *The Oil Industry in Your State-1982*, by the Independent Petroleum Association of America.

Rotary Rigs Active 1972-1981

Rank 1981		72	73	74	75	76	77	78	79	80	81
1	Texas	325	376	508	637	653	779	855	770	987	1317
2	Oklahoma	91	115	146	178	186	233	258	245	397	698
3	Louisiana	216	205	203	227	231	292	388	347	427	456
4	Kansas	25	28	44	57	51	68	76	63	120	197
19	Alaska	5	5	9	14	14	15	16	14	14	22

Total Wells Drilled 1972-1981

Rank 1981		72	73	74	75	76	77	78	79	80	81
1	Texas	8088	8494	9808	12483	12740	14759	15037	16149	19253	23940
2	Oklahoma	2519	2403	3189	3796	4393	4976	5859	6362	9073	11329
3	Kansas	2458	2114	2825	3398	3977	3933	4322	4306	5161	6865
4	Louisiana	3093	2940	2830	3098	3476	3398	3767	4078	4956	5575
26	Alaska	31	35	38	67	81	72	75	73	134	141

Note: Includes wells in state waters, does not include wells in federal waters.

Crude Oil Production 1972-1981 (Thousands of barrels daily)

Rank 1981		72	73	74	75	76	77	78	79	80	81
1	Texas	3556	3547	3457	3347	3250	3117	2942	2789	2670	2607
2	Alaska	199	198	193	191	173	463	1229	1400	1616	1609
3	Louisiana	2436	2278	2020	1783	1657	1542	1459	1341	1281	1236
4	California	948	920	885	882	890	957	951	965	976	1054
5	Oklahoma	567	523	487	446	441	428	412	393	410	422

1981 Estimated Average Petroleum Industry Employment

1981 Rank		Trade			
		Total	Extraction	Wholesale	Retail
1	Texas	421622	278896	26724	36279
2	California	153658	37969	16469	61405
3	Louisiana	134770	94721	6588	9438
4	Oklahoma	121990	92100	7900	5200
40	Alaska	8467	7064	307	835

Note: Total includes extraction, refining, transportation, and trade employment.

**State and Local Severance Taxes Paid by
Petroleum Industry in 1981**

Rank		Taxes Paid	Per Capita
1	Texas	\$2,204,802,015	\$149
2	Alaska	1,170,090,000	2,840
3	Louisiana	803,146,950	186
4	Oklahoma	601,846,204	194
5	Mexico	369,331,199	278

**Geophysical Crew Months Worked
1972-1981**

Rank 1981		72	73	74	75	76	77	78	79	80	81
1	Texas	606	686	989	929	942	722	1095	1213	1438	1745
2	Louisiana	388	315	357	377	347	318	560	665	654	501
3	Montana	73	62	155	40	85	57	155	135	202	388
4	Wyoming	126	264	363	353	239	183	211	366	274	317
13	Alaska	84	64	184	176	129	34	16	30	37	82

Note: Due to long summer daylight hours, crews are more productive per month worked in Alaska.

Estimated Cost of Drilling and Equipping Wells, 1980

	Well Depth	Cost/Well	Cost/Foot
Alaska			
Onshore	10,415 Ft.	\$3,862,092	\$370.80
Offshore (State Waters)	12,000	2,334,000	194.50
Offshore (Federal Waters)	10,427	3,851,406	369.38
Louisiana	6,565	1,041,498	158.65
Texas	5,349	376,527	70.39
Oklahoma	4,774	326,746	68.44
Gulf of Mexico (Federal Waters)	11,031	4,652,969	421.80
Total U.S. Average, Onshore and Offshore	4,774	367,682	77.02

ALASKA

By Britt Harvey

OIL DEMAND AND ECONOMIC ACTIVITY

One of the "givens" of economics during the 1960's was the correlation between economic growth and increasing energy consumption. In the U.S., a 1% increase in GNP required about a 1.2% increase in energy consumption. This link was broken during the 1970's, a victim of the structural economic changes generated by the oil price shocks of 1973 and 1979. The emergence of a world economy using energy in an increasingly efficient manner has two major implications for Alaska. In the short-run, even a robust version of the world economic recovery widely forecast for 1983 is very unlikely to boost oil prices. In the long-run, continuing structural changes are likely to stabilize or diminish demand for oil, putting downward pressure on Alaska oil revenues.

Oil consumption patterns have undergone a remarkable transition in the past decade. The noncommunist world demand for oil was lower in 1981 than 1973,^{1/} despite nonindustrialized countries more than doubling their demand. U.S. demand during this period showed a 7.9% absolute and 15.0% per capita decline. Even more important is the declining consumption of oil per unit of GNP. In the U.S. in 1973, 59 BTU's were consumed per dollar of GNP. In 1981 the figure was 47 BTU's.^{2/} During this period the seven largest noncommunist industrial countries averaged a 4.1% annual decrease in oil consumed per unit of gross product.^{3/} Few analysts expect the deep-rooted forces behind these statistics to be affected by short-term fluctuations in oil prices.

During the past year, the sluggish demand for oil has frequently been attributed to the world recession. It appears unlikely however, that a recovery will boost oil prices. Substantial idle production capacity currently exists in OPEC countries, particularly Saudi Arabia. A robust recovery is more likely to delay or avert further price decreases than to push prices up. Data

1/ *Petroleum Economist*: September 1982; p. 354.

2/ *Business Week*: November 8, 1982; p.39.

3/ *Petroleum Economist*: October 1982; p. 411.

Resources Inc. predicts 3% U.S. GNP growth in 1983 with no change in oil consumption. An analysis in *The Petroleum Economist* argues that a recovery of economic activity in OECD countries, "almost certainly will not result in a corresponding upturn in oil consumption".^{4/} Standard Oil of California's latest forecast calls for a 0.8% annual increase in oil consumption through 2000, with rapid internal consumption growth in OPEC countries included. This forecast may well be an upper bound, considering the track record of industry forecasts.

The scenario suggested by these demand data and the current supply situation (See December 1982 *Trends*, p.3), is short-term oil price declines, with small mitigation provided by an economic recovery, should one occur. In the longer view, which includes Prudhoe Bay's most bountiful years, world oil demand is unlikely to exceed current supply capacity. While this does not insure flat or declining prices, the influence of demand on prices is likely to be downward.

NONAGRICULTURAL EMPLOYMENT

Alaska nonagricultural wage and salary employment declined in November by 2.2% to 188,600. Compared to November 1981, employment is up 5.4%. Seasonally adjusted, November employment increased slightly, indicating that Alaska's economic growth is continuing, although at a slower pace than last year.

The most striking change in industry employment occurred in seafood processing, which dropped 45% from October to 1,600 jobs. This is less than half of the average employment in this industry over the past eight years. The collapse of the king crab fishery is the main cause of this employment drop. In Dutch Harbor, landings through November 7 were about 7% of last year, and last year was not a good one. The highly ephemeral crab resource is now bankrupting some of the same people it made rich in the 1970's.

While the seafood processing employment decline is recent, the forest products industry has been depressed for at least 18 months. The industry had apparently hit bottom, with employment stabilizing at a low level. However, the announcement of severe financial difficulties at Alaska Lumber and Pulp pro-

^{4/} *Petroleum Economist*: September 1982; p. 354.

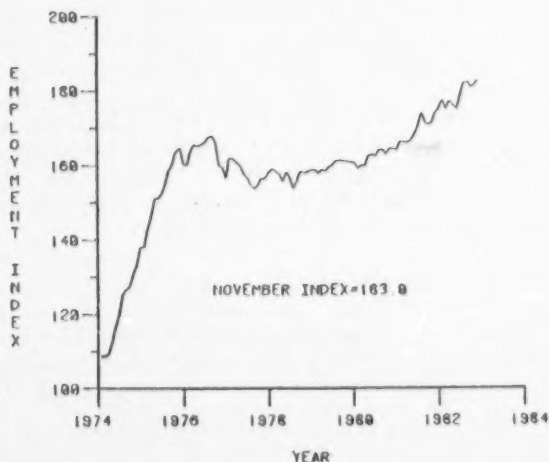
mises to further diminish employment. Both ALP and Louisiana Pacific-Ketchikan produce dissolving pulp used for manufacturing synthetic materials. Should oil, which substitutes for dissolving pulp, drop in price, the demand for southeast pulp is likely to further decline. While both the yen and Japanese housing starts have strengthened slightly, it appears that lack of demand may further cripple the Alaska forest products industry. Long-term contraction and permanent market share loss are distinct possibilities.

The secondary industries continued to expand on a seasonally adjusted basis. Trade showed an outright 0.9% increase over the month, while transportation, communication and utilities remained stable, and finance, insurance and real estate, and services declined only slightly. The strength in the secondary industries is partially the result of permanent fund dividend money entering the economy.

UNEMPLOYMENT

The Alaska November unemployment rate was 9.8%, up from 8.6% in October. The 9.8% rate compares to 8.4% a year ago. The increase in November was about what would be expected,

ALASKA COMPOSITE NONAG EMPLOYMENT INDEX



**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ALASKA**

CHANGES FROM:

	<i>P/</i>	<i>R/</i>			
	11/82	10/82	11/81	10/82	11/81
Nonag. Wage & Salary.....	188600	192800	179000	-4200	9800
Mining	7800	7900	7600	-100	200
Construction	14800	17700	13400	-2900	1400
Manufacturing	7000	8800	8900	-1800	-1900
Food & Kindred Prod.....	2000	3300	3900	-1300	-1900
Lumber & Paper Prod....	2200	2300	2200	-100	0
All Other Mfg.	2800	3200	2800	-400	0
Trans. Comm. & Util.	18400	18400	17800	0	800
Trucking & Wheeing.	2100	1900	2100	200	0
Water Transportation	1600	1500	1200	100	400
Air Transportation	5400	5500	5400	-100	0
Other Transportation					
Comm. & Utilities	9300	9500	8900	-200	400
Trade	35100	34800	32000	300	3100
Wholesale Trade	6800	6900	6300	-100	500
Retail Trade	28300	27900	25700	400	2600
Gen. Merchandise					
& Apparel	4600	4600	4100	0	500
Food Stores	4900	5000	4500	-100	400
Eating & Drinking					
Places	9700	9500	9000	200	700
Other Retail Trade	9100	8800	8100	300	1000
Finance-Ins. & R. Estate ..	9300	9400	8800	-100	500
Services & Misc.	33800	33500	31700	300	2100
Government	62400	62300	59000	100	3400
Federal Government	17900	17800	17600	100	300
State Government	18000	18300	17100	-300	900
Local Government	26500	26200	24300	300	2200

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

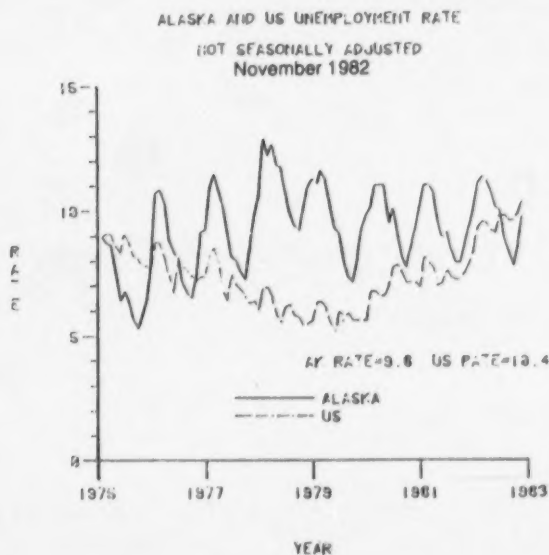
R/ Denotes revised estimates.

considering past years and the slight seasonally adjusted employment growth during November.

Alaska's unemployment rate is not seasonally adjusted. The U.S. not seasonally adjusted unemployment rate was 10.4%. The Alaska rate is still below the national rate, but as winter approaches the gap is narrowing.

The continuing national recession and the fact that unemployment has historically responded slowly to economic recoveries have convinced most economists that unemployment will remain above 10.0% nationally through 1983. This high unemployment rate is likely to result in another year of high in-migration to Alaska.

Unemployed persons who exhaust their unemployment benefits are particularly likely to migrate. As high unemployment continues, this "exhaustee" category will increase. Alaskans can probably count on another year of in-migration, low vacancy rates, and expanding population. Once again, it appears unlikely that economic growth in the state will reduce the unemployment rate. A higher rate than 1982 is a strong possibility.



ANCHORAGE-MATSU

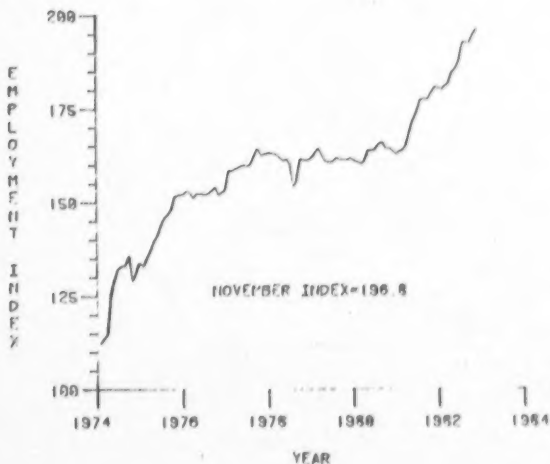
By Greg Huff

LABOR FORCE

November's unemployment rate for the Anchorage-MatSu region advanced nearly a percentage point to 7.8%. This "jobless" rate increase was due primarily to seasonal layoffs in the construction and transportation industries, bringing the total number of unemployed in the region to 8175.

In comparison, the Anchorage-MatSu rate was two percentage points below the statewide rate and three percentage points below the U.S. average rate. The number of unemployed in the region accounted for 42% of the total number of jobless statewide, but the region represented 54% of total employment across the state, pointing to the region's (particularly Anchorage's) more stable, less seasonal economy.

ANCHORAGE COMPOSITE NONAG EMPLOYMENT INDEX

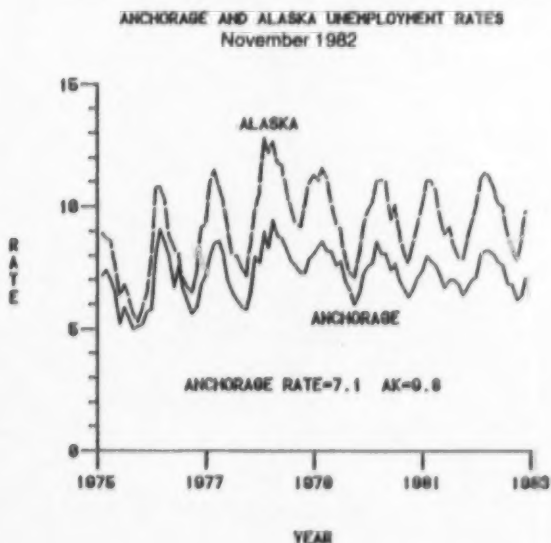


The outlook for the next several months is for a climbing unemployment rate. The labor force historically declines over the next few months as some unemployed workers leave the state or become discouraged and drop out. Others will continue looking for work, adding to unemployment.

NONAGRICULTURAL EMPLOYMENT

Anchorage nonagricultural wage and salary employment in November declined 1.5% (1,400) accounting for one third of the total statewide drop. In contrast, Anchorage wage and salary employment made up 59% of total statewide employment while having 44% of the state's population. During the winter months the Anchorage economy supports a larger proportion of employment statewide than in the summer, due to a higher concentration of less seasonally sensitive support industries.

Construction, a major industry with wide seasonal fluctuations, accounted for nearly 90% of the decline in Anchorage wage and salary employment in November. Construction employment remained significantly above last year's levels with 950 more jobs, and is expected to remain strong through 1983.



**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE**

CHANGES FROM:

	P/ 11/82	R/ 10/82	11/81	10/82	11/81
Nonag. Wage & Salary.....	95050	96450	87450	-1400	7600
Mining	3350	3350	3250	0	100
Construction	8550	9800	7600	-1250	950
Manufacturing	2050	2250	1850	-200	200
Food & Kindred Prod.....	350	350	300	0	50
Other Mfg.	1700	1900	1550	-200	150
Trans. Comm. & Util.	9250	9500	8550	-250	700
Trucking & Wheeing.	1200	1250	1150	-50	50
Water Transportation	450	500	450	-50	0
Air Transportation	3300	3350	3050	-50	250
Other Transportation					
Comm. & Utilities	4300	4400	3900	-100	400
Trade	21100	21100	18900	0	2200
Wholesale Trade	4750	4850	4550	-100	200
Retail Trade	16350	16250	14350	100	2000
Gen. Merchandise	2050	1950	2050	100	0
Food Stores	2450	2450	2150	0	300
Eating & Drinking					
Places	5700	5800	4800	-100	900
Other Retail Trade	6150	6050	5350	100	800
Finance-Ins. & R. Estate ..	6450	6450	5950	0	500
Services & Misc.	19100	18900	17850	200	1250
Government	25200	25100	23500	100	1700
Federal	10000	9950	9800	50	200
State	6450	6450	5900	0	550
Local	8750	8700	7800	50	950

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

However, no additional growth is foreseen.

The other industries netting employment declines were manufacturing and transportation, communications and utilities. Seasonal slowdowns in the sand and gravel industry and durables related to construction represented the bulk of the layoffs in manufacturing. The water and air transportation sectors registered the largest decline because of mixed seasonal and economic factors. While wholesale trade and eating and drinking establishments had employment declines, general merchandise and retail variety shops increased holiday employment to balance the declines.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE-MATSU**

CHANGES FROM:

	<i>P/</i> 11/82	<i>R/</i> 10/82	11/81	10/82	11/81
Nonag. Wage & Salary	98750	100300	90950	-1550	7800
Mining	3400	3450	3300	-50	100
Construction	8850	10200	7900	-1350	950
Manufacturing	2100	2300	1950	-200	150
Trans. Comm. & Util.	9550	9750	8950	-200	600
Trade	21900	21850	19600	50	2300
Finance-Ins. & R. Estate ..	6550	6550	6000	0	550
Services & Misc.	19550	19400	18250	150	1300
Government	26850	26800	25000	50	1850

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	P 11/82	R 10/82	11/81	P 11/82	R 10/82	11/81	P 11/82	R 10/82	11/81	P 11/82	R 10/82	11/81
Alaska Statewide	198722	201280	193575	19549	17349	18268	9.8	8.6	9.4	179173	183931	175307
Anch.-MatSu Region.....	104614	105529	99058	8175	7322	7489	7.8	6.9	7.6	96439	98207	91569
Anchorage.....	94237	95211	89358	6735	6105	6275	7.1	6.4	7.0	87502	89106	83083
Matanuska-Susitna	10377	10318	9700	1440	1217	1214	13.9	11.8	12.5	8937	9101	8486
Gulf Coast Region	20987	21882	21445	3148	2785	2823	15.0	12.7	13.2	17839	19097	18622
Cordova	1066	1121	1133	111	99	136	10.4	8.8	12.0	955	1022	997
Kenai	10852	11380	11020	1763	1650	1532	16.2	14.5	13.9	9089	9730	9488
Kodiak	4783	4854	4872	710	493	620	14.8	10.2	12.7	4073	4361	4252
Seward	1539	1656	1595	267	294	267	17.3	17.8	16.7	1272	1362	1328
Valdez	2747	2871	2825	297	249	268	10.8	8.7	9.5	2450	2622	2557
Interior Region	26543	26845	25564	3858	3267	3160	14.5	12.2	12.4	22685	23578	22404
Fairbanks	21715	21965	20836	3225	2748	2575	14.9	12.5	12.4	18490	19217	18261
Southeast Fairbanks...	2073	2115	2060	218	187	228	10.5	8.8	11.1	1855	1928	1832
Upper Yukon	637	641	619	84	66	73	13.2	10.3	11.8	553	575	546
Yukon-Koyukuk.....	2118	2124	2049	331	266	284	15.6	12.5	13.9	1787	1858	1765
Northern Region	8921	8860	8683	622	560	616	7.0	6.3	7.1	8299	8300	8067
Barrow-North Slope ...	2395	2403	2337	156	164	161	6.5	6.8	6.9	2239	2239	2176
Kobuk.....	2796	2782	2709	221	206	206	7.9	7.4	7.6	2575	2576	2503
Nome	3730	3675	3637	245	190	249	6.6	5.2	6.8	3485	3485	3388
Southeast Region	28348	28675	28707	3059	2742	3238	10.8	9.6	11.3	25289	25933	25469
Angoon	374	401	383	39	58	46	10.4	14.5	12.0	335	343	337
Haines	977	984	964	124	109	105	12.7	11.1	10.9	853	875	859
Juneau	10038	10246	10069	859	832	823	8.6	8.1	8.2	9179	9414	9246
Ketchikan	5966	6017	6161	646	562	803	10.8	9.3	13.0	5320	5455	5358
Outer Ketchikan	828	819	817	201	176	186	24.3	21.5	22.8	627	643	631
Prince of Wales	1373	1348	1349	203	148	171	14.8	11.0	12.7	1170	1200	1178
Sitka	4095	4194	4144	386	391	409	9.4	9.3	9.9	3709	3803	3735
Skagway	1440	1413	1461	203	145	215	14.1	10.3	14.7	1237	1268	1246
Wrangell- Petersburg.....	3257	3253	3359	398	321	480	12.2	9.9	14.3	2859	2932	2879
Southwest Region	9309	9489	10118	687	673	942	7.4	7.1	9.3	8622	8816	9176
Aleutian Islands.....	2466	2485	2623	121	88	128	4.9	3.5	4.9	2345	2397	2495
Bethel	2984	3085	3336	241	280	417	8.1	9.1	12.5	2743	2805	2919
Bristol Bay Borough ...	335	343	364	26	27	35	7.8	7.9	9.6	309	316	329
Bristol Bay	1240	1268	1333	82	84	101	6.6	6.6	7.6	1158	1184	1232
Kuskokwim	815	818	933	67	53	137	8.2	6.5	14.7	748	765	796
Wade Hampton.....	1469	1490	1529	150	141	124	10.2	9.5	8.1	1319	1349	1405

P/=Preliminary 1981 Benchmark

R/=Revised

Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

INTERIOR/FAIRBANKS

By Neal Fried

INTERIOR'S RURAL ECONOMY

STATISTICS

The Interior region stretches as far north as Arctic Village, as far south as Northway, and on the west and east it is bordered by Kaltag and Canada. Labor force statistics are broken out monthly for the census divisions (1970 definition) of Southeast Fairbanks, Upper Yukon, and Yukon-Koyukuk, which along with Fairbanks make up the Interior region. Regional statistic's however provide little insight into the dynamics of these rural areas' economies. Monthly wage and salary statistics are published for Fairbanks and the Interior but the Interior's numbers are dominated by Fairbanks.

Periodically wage and salary statistics are also produced for Southeast Fairbanks, Upper Yukon, and Yukon Koyukuk (found in the Statistical Quarterly). There is a lag time in this data but it is the only information that provides an industry and payroll breakdown for rural Interior.

EMPLOYMENT

Wage and salary employment is scarce in all three rural divisions. All three depend heavily on government as a source of employment. Both Southeast Fairbanks and Upper Yukon depend on government for as much as 70% of direct employment and Yukon-Koyukuk for 38%. This compares to 32% for the state as a whole.

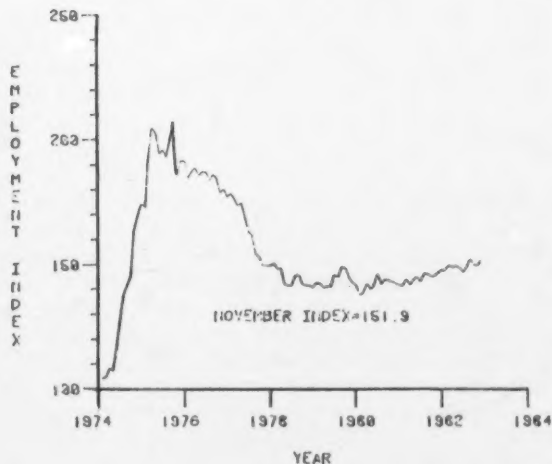
None of these rural divisions have very well developed secondary sectors, largely as a result of their small population, causing them to depend on larger areas such as Fairbanks for many of their goods and services. Southeast Fairbanks and Yukon-Koyukuk do have one industry in the secondary sector that is well developed—the service industry. This is because both of these divisions have highways bisecting parts of them (Richardson and Parks highways), and many of their inhabitants depend on the traffic for their livelihoods in the form of

service stations, motels, retail sales and other recreation facilities.

This is very seasonal work (summer) and it is reflected in rural Interior's statistics. Employment in some of these divisions can fluctuate as much as 40% in one year, from the high summer quarter to the low winter quarter. This is also reflected in their labor force statistics. Unemployment in the small Upper Yukon division can go as high as 21% in the winter and drop to 10% in August or September. All three areas have unemployment rates that exceed the state's average. The average unemployment rate for the first 11 months of 1982 for Upper Yukon, Yukon Koyukuk and Southeast Fairbanks has been, 13.7%, 13.5% and 11.6%, respectively. Alaska's and Fairbanks were 9.8% and 13.8% for the same period.

Some employment that takes place in these areas is not always recorded by these statistics because wages are not paid in the customary fashion. The two groups particularly affected are the small mining operators who are often self-employed and pay their help a percentage of the take and trappers who are compensated on a piece basis.

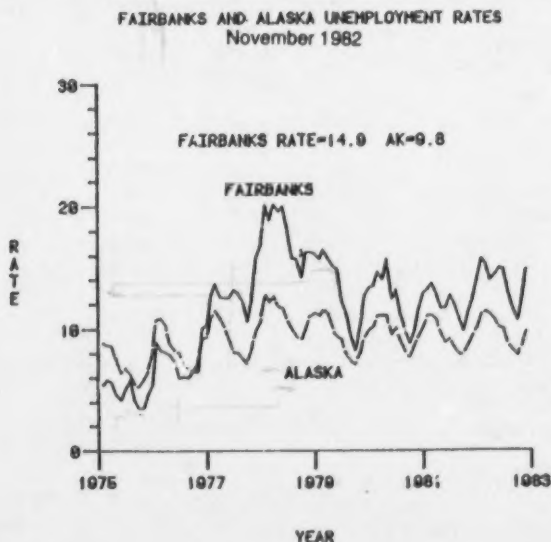
FAIRBANKS COMPOSITE NONAG EMPLOYMENT INDEX



The employment which does exist in these areas is in most cases concentrated in a few communities. For example, in Southeast Fairbanks, (represented by 11 communities) 75% of the employment exists in the Delta area and most of the remainder is in Tok. In Upper Yukon, (which represents 12 communities), a full 80% of the employment in the division is concentrated in Fort Yukon—the regional center for the Yukon flats area. The Yukon-Koyukuk division's employment was more evenly distributed, with the large centers being Nenana and Galena. This concentration appears to be a trend as more population moves to these regional centers. For example, over the past decade, Fort Yukon's population has grown by more than 38% (compared to the state's 25%) whereas the smaller communities in the Yukon Flats areas such as Chalkyitsik, Birch Creek and other communities have only grown very slowly and in some cases have actually lost population.

PRESENT TRENDS

With the exception of the pipeline years, when employment in some of these divisions doubled and quadrupled in one year (temporarily), employment has grown very slowly but in most cases steadily. Unlike Fairbanks, most of these communities



get very little direct stimulus from North Slope activity. There are oil pump stations, which employ people in both Southeast Fairbanks and Yukon-Koyukuk, but employment in these facilities has been fairly stable since they were completed in 1977. Most of the stimulus has come from state government in the form of additional services, direct appropriations to local communities and capital projects such as school construction, community centers and roads, etc. Other special projects

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS**

CHANGES FROM:

	<i>P/</i> 11/82	<i>R/</i> 10/82	11/81	10/82	11/81
Nonag. Wage & Salary.....	22550	23350	21950	-800	600
Mining	50	50	50	0	0
Construction	1750	2400	1850	-650	-100
Manufacturing	450	500	450	-50	0
Trans. Comm. & Util.	2650	2750	2600	-100	50
Trucking & Whseing.	400	400	400	0	0
Air Transportation	650	700	650	-50	0
Other Trans. Comm.					
& Utilities	1600	1650	1550	-50	50
Trade	4100	4100	4050	0	50
Wholesale Trade	700	700	650	0	50
Retail Trade	3400	3400	3400	0	0
Gen. Merchandise					
& Apparel	400	400	450	0	-50
Food Stores	600	550	600	50	0
Other Retail Trade	2400	2450	2350	-50	50
Finance-Ins. & R. Estate ..	850	850	750	0	100
Services & Misc.	4050	4150	3850	-100	200
Government	8650	8550	8350	100	300
Federal	2450	2300	2400	150	50
State	3850	3900	3600	-50	250
Local	2350	2350	2350	0	0

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

such as the Delta agricultural project have added to this economic activity. Over the past 3 years an upswing in gold mining activity has also endured as the price of gold remains historically high. Old stand-bys such as the military (Fort Greely, Anderson, Galena, Indian Mountain and Campion) provide an important share of the job opportunities in the rural Interior. Increased traffic on the Richardson highway over the past 2 years has allowed the businesses that cater to the tourist and new in-migrants to expand their operations.

The trend of slow growth in the rural Interior is not expected to change in the near future. Employment will remain scarce, and unemployment will stay far above the state's average. These communities' economies are small and often isolated, and employment opportunities veer with the seasons. This is the nature of many of Alaska's smaller communities, regardless of their economic base—whether it is fishing, mining, tourism or construction. A small, isolated community, with little economic base, cannot generate enough economic activity to provide very much full-time employment for a large proportion of its population on a year-round basis.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
INTERIOR**

CHANGES FROM:

	P/ 11/82	R/ 10/82	11/81	10/82	11/81
Nonag. Wage & Salary.....	26350	27200	25250	-850	1100
Mining	250	250	200	0	50
Construction	2000	2550	1950	-550	50
Manufacturing	550	550	650	0	-100
Trans. Comm. & Util.	3550	3600	3550	-50	200
Trade	4400	4500	4250	-100	150
Finance-Ins. & R. Estate ..	900	900	800	0	100
Services & Misc.	4450	4600	4250	-150	200
Government	10250	10250	9800	0	450

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

GULF COAST

By Neal Fried

LABOR FORCE

With an unemployment rate of 15%, the Gulf Coast holds the distinction for the second month in a row of having the highest regional unemployment rate in the state. A rising jobless rate is typical at this time of the year, but its magnitude comes largely as a result of this year's terrible king crab and shrimp season.

WAGE AND SALARY EMPLOYMENT

Though the region's overall employment statistics are reeling from the poor fishing season, other sectors in the Gulf Coast's economy are holding up, and in most cases remain above year-ago levels. There are a variety of reasons why there has not been a rippling effect throughout the economy thus far. A number of communities in the region do not depend on the fishing industry as a major source of employment. Projects, independent of this industry, are taking place and helping to pick up some of the slack. These include port expansion in Homer and Seward, the Terror Lake Dam project in Kodiak, and a pickup in residential construction in some areas. Trade and government employment are showing particular strength compared to year-ago levels, both chalking up employment gains of 250 and 200, respectively. Transportation, services and construction have made some modest gains. This has all helped to mitigate the losses of the fishing season, though it is little solace to the fishermen, cannery workers and others attached to the industry.

Communities heavily dependent on the industry, such as Cordova and particularly Kodiak, have been experiencing the rippling effects throughout their economies. Layoffs in the trade and services industries have occurred as a result, and some workers have had to migrate elsewhere in the state to find work.

THE COPPER RIVER BASIN

There is a group of communities in the Gulf Coast region which remains almost completely unaffected by the fishing industry. These communities have little in common with the region's coastal towns and more in common with the Interior. It is a sparsely populated area of 11 communities in the Copper River Basin, stretching north to Mentasta Lake and south to McCarthy. They can be found along the Tok Cutoff, the Glenn, Richardson, Edgerton and McCarthy highways.

The employment found in these communities represents 6% of the total region's employment and 37% of the Valdez-Chitina-Whittier census division. A large share of their employment,

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK GULF COAST

CHANGES FROM:

	P/ 11/82	R/ 10/82	11/81	10/82	11/81
Nonag. Wage & Salary.....	15500	16550	15800	-1050	-300
Mining	900	850	900	50	0
Construction	1050	1200	950	-150	100
Manufacturing	1700	2650	2700	-950	-1000
Food & Kindred Prod.....	900	1800	1900	-900	-1000
All Other Mfg.	800	850	800	-50	0
Trans. Comm. & Util.	1750	1700	1650	50	100
Trade	2550	2550	2300	0	250
Wholesale Trade	400	400	350	0	50
Retail Trade	2150	2150	1950	0	200
Finance-Ins. & R. Estate ..	450	450	450	0	0
Services & Misc.	2550	2600	2500	-50	50
Government	4550	4550	4350	0	200
Federal	500	500	500	0	0
State	1400	1450	1350	-50	50
Local	2650	2600	2500	50	150

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

generated by catering to the traffic exiting and entering Alaska is in the form of restaurants, gas stations, motels and retail trade. Government is also a major source of employment. Other major employers are the Ahtna Native Corporation and Alyeska Pipeline Service's two oil pump stations. Glennallen, the area's largest community, has grown rapidly over the past decade (41% compared to the state's 25%). Glennallen is the area's major service center and hub for the highway traffic. The remaining communities have grown very slowly. The communities are small (100 and fewer inhabitants in all cases but Copper Center), have little economic infrastructure and therefore provide few employment opportunities. Employment is often limited to the few jobs found in the local schools and summer employment on local road construction, some fire-fighting, some fishing and mining and some employment catering to the highway traffic. This trend of slow employment growth will continue in these communities in the near future.

SOUTHEAST

By Britt Harvey

Southeast nonagricultural wage and salary employment was 26,150 in November. This represents a 2.4% decrease from October, about the same as occurred statewide. Compared to last year, November employment was up by 1.6%, a growth rate less than one-third that of the state as a whole.

The Southeast forest products industry accounts for more than 75% of statewide forest products employment, and historically about 10% of Southeast nonagricultural employment. The prolonged contraction of the forest products industry, both nationally and in Alaska, is therefore affecting Southeast far more than any other region in the state. The seriousness of what is probably best characterized as a depression in the Southeast timber industry was emphasized by the recent announcement of severe financial problems at Alaska Lumber and Pulp (ALP). ALP closed its new Wrangell cant mill, and there is a clear possibility that the intermittent closures which have been occurring over the past year at ALP's Sitka pulp mill may become more permanent.

The other important Southeast manufacturing industry, sea-food processing, is also doing poorly. November is always a low employment month in this industry in Southeast, so the effect on overall employment is minor.

Construction declined over the month by 300 jobs, leaving it at the same level as last year.

The only industry showing an increase over the month was local government, with the increase due mostly to school employment.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
SOUTHEAST ALASKA**

CHANGES FROM:

	P/ 11/82	R/ 10/82	11/81	10/82	11/81
Nonag. Wage & Salary	26150	26800	25750	-650	400
Construction	1300	1600	1300	-300	0
Manufacturing	2300	2500	2500	-200	-200
Food & Kindred Prod.	350	500	500	-150	-150
Lumber & Paper Prod.	1700	1750	1750	-50	-50
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Util.	2250	2300	2500	-50	-250
Trade	4200	4200	3950	0	250
Wholesale Trade	350	350	400	0	-50
Retail Trade	3850	3850	3550	0	300
Finance-ins. & R. Estate ..	1050	1050	1000	0	50
Mining,					
Services & Misc.	3750	3900	3400	-150	350
Government	11300	11250	11100	50	200
Federal	2150	2150	2250	0	-100
State	5200	5250	4900	-50	300
Local	3950	3850	3950	100	0

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

HOURS AND EARNINGS IN OCTOBER

By Stephen Deschermeler

In mining (n=21 1/) average hourly earnings decreased by 5% from September, while average weekly hours increased 6%. A reduction of summer temporary hires in the oil and gas industries accounted for most of the change.

In contract construction (n=114) average weekly hours rose 4% while average hourly earnings showed no change for October. The startup of a new job in non-residential building and an increase in overtime hours in heavy construction were responsible for most of the change.

Manufacturing (n=60) as a whole showed no significant change, but food and kindred products (n=23) and lumber and paper products (n=20) departed sharply from September's statistics.

Average weekly hours and average weekly earnings plummeted 20% and 21%, respectively, for food and kindred products. The end of the salmon season for canneries caused the difference.

Lumber and paper products exhibited a somewhat different trend. Average weekly earnings remained the same for October, but average hourly earnings decreased 14% and average weekly hours increased 20%. Construction activity rather than logging for some companies resulted in lower wages for their employees while cleanups and restartups caused increased overtime at many sawmills.

Transportation, communication, and utilities (n=60) registered slight gains in average weekly hours (5%) and average weekly earnings (4%) in October. Increased earnings and hours among major utilities and airport service companies were largely responsible, although decreased hours and earnings in the trucking industry lowered the effect somewhat.

1/ Sample size.

**ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/**

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 10/82	r/ 9/82	10/81	p/ 10/82	r/ 9/82	10/81	p/ 10/82	r/ 9/82	10/81
MINING	\$23.71	\$24.86	\$20.27	50.3	47.5	49.5	\$1192.61	\$1180.85	\$1003.37
CONTRACT CONST.3/	24.03	24.14	22.01	44.7	43.1	44.8	1074.14	1040.43	986.05
MANUFACTURING	13.16	13.03	12.73	33.6	34.4	38.3	442.18	448.23	487.56
Food & Kindred Prod.	8.26	8.35	8.93	23.8	29.8	33.1	196.59	248.83	295.58
Lumber & Paper Prod.	13.46	15.68	14.81	43.7	36.3	44.3	588.20	569.18	656.08
TRANS., COMM. & UTIL.	15.29	15.56	14.55	39.1	37.1	37.9	597.84	577.28	551.45
TRADE	9.80	9.88	9.40	35.4	35.1	34.4	346.92	346.79	323.36
Wholesale Trade	11.65	11.80	11.71	37.9	37.6	37.2	441.54	443.68	435.61
Retail Trade	9.04	9.08	8.47	34.4	34.1	33.5	310.98	309.63	283.75
FINANCE, INS. & R.E.	--	--	--	--	--	--	333.19	349.06	329.53

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

3/ Due to technical revision in construction sample, 1982 estimates are not strictly comparable to previous years data.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

There were no significant (ie $\pm 3\%$) changes in trade (n=136) for the month.

Average weekly earnings fell 5% in finance, insurance, and real estate (n=47) compared to one month ago. Management investment offices as well as apartment building operators were partly to blame.

3/25/83 50320-1

A

ALASKA DEPARTMENT OF LABOR

BILL SHEFFIELD, GOVERNOR

ALASKA ECONOMIC TRENDS



- 1—Southeast Forest Products
Employment
- 2—Revenues and Population
Growth Contribute to 5.8%
Increase in 1982 Alaska
Employment
- 10—Alaska 1982 Unemployment up
Slightly at 6.6%

BEST AVAILABLE COPY

February 1983

ALASKA ECONOMIC TRENDS

**Bill Sheffield, Governor
State of Alaska**

**Jim Roblson, Commissioner
Department of Labor**

John E. Post, Director
Administrative Services

Chuck Caldwell, Chief
Research and Analysis

Sally Saddler, Editor

In Cooperation With:
Employment Security Division
Alaska Department of Labor

Bureau of Labor Statistics
U.S. Department of Labor

Employment and Training Administration
U.S. Department of Labor

February 1983
Volume 3
Issue 2

ALASKA ECONOMIC TRENDS is published monthly by the Alaska Department of Labor, Research & Analysis Section, P.O. Box 1149, Juneau, Alaska 99802.

POSTMASTER: Send address change to ALASKA ECONOMIC TRENDS, P.O. BOX 1149, Juneau, Alaska 99802.

In This Issue

Southeast Forest Products Employment	1
Oil Revenues and Population Growth Contribute to 5.8% Increase in 1982 Alaska Employment	8
Alaska 1982 Unemployment up Slightly at 9.8%	10
Anchorage Employment up 9.1% in 1982	12
Fairbanks Employment up 3.5% in 1982	16
Gulf Coast Manufacturing Employment Decline Offsets Growth in 1982	22
Southeast Statistical Anomalies	25
Hours and Earnings	28
TRENDS USER SURVEY	INSERT

Regular Features

December Preliminary/November Revised

Unemployment Rate and Graphs

Alaska and U.S.	11
Anchorage and Alaska	13
Fairbanks and Alaska	17

Nonagricultural Employment By Industry

Anchorage/MatSu	13
Anchorage	14
Fairbanks	18
Interior	19
Gulf Coast	23
Southeast Alaska	26

Composite Nonagricultural Indexes

Alaska	10
Anchorage	15
Fairbanks	20

Hours and Earnings	29
(November Preliminary)	

Labor Force By Region and Census Division

Colored Insert

Photographs

The Department of Labor is looking for photographs for this and other publications. Photographs should illustrate the general theme of Alaskans at work or Alaskan economic activity, i.e., manufacturing, residential and commercial construction, etc.

Please list: 1) Photographer name and/or company; 2) Location of site; 3) Approximate date photo was taken; 4) Description of project or activity including names of companies or organizations significantly involved in funding, construction or operation. Photographs should be black and white prints, preferably 8 x 10 inches.

Though no payment can be made, prominent photograph credit will be given. Sorry we cannot return photographs. Thank you.

Mail to:

Alaska Department of Labor
Research and Analysis-Graphics
P.O. Box 1149
Juneau, Alaska 99802

SOUTHEAST FOREST PRODUCTS EMPLOYMENT

By Brit Harvey

The Southeast forest products industry is based on a complex combination of corporate investment, public resource use policy, and foreign demand. From the pre-statehood establishment of the industry through 1980, these factors combined to produce a viable industry. During the past two years diminished demand has depressed production, curtailed employment, and threatened the continued operations of industry firms. This depression is threatening to force a restructuring of the industry. While 1983 may be a year of moderate recovery, continued difficulties are a distinct possibility.

INDUSTRY HISTORY

The origins of the Southeast forest products industry were not so much in supply and demand as in public policy. As a territory, Alaska lacked sufficient population to support statehood. The federal government adopted a policy of stimulating Alaska population growth. To this end, the U.S. Forest Service negotiated 50-year timber sales with corporations willing to invest in mills in the Tongass National Forest. The lure for the corporations was an assured supply of inexpensive timber. The government in turn achieved population increases in Southeast Alaska.

In order to maximize domestic employment, the export of unprocessed logs felled on federal land was prohibited. This "primary manufacture" law resulted in the establishment of a cant industry which would not otherwise exist. A cant is a squared off log.

Forest Service accounting methods render an accurate forest by forest comparison of government costs of providing timber vs. revenue received difficult. It has been persuasively argued, however, that during the 1970's the Tongass as a whole ran a deficit on timber sales. This means that Forest Service costs of administration, pre-commercial thinning and transportation facility construction were greater in an average year than timber sale revenues. This is the case whether or not logging roads, such as the system on Prince of Wales Island, are

included as a public benefit. This pattern of "deficit" sales is not unique to the Tongass nor to Alaska.

A very large proportion of Southeast Alaska cants and pulp have historically been exported to Japan. Japanese demand, while cyclical, supported the development of the industry, and peaked in the early 1970's. Communities based wholly or partially on forest products employment, such as Wrangell, Ketchikan and Sitka, developed around the industry. These communities, like the industry itself, were dependent on continued Japanese demand, industry investment and financial health, and federal public policy which supported deficit sales and primary manufacture.

The Alaska Native Claims Settlement Act (ANCSA) introduced Sealaska Corporation into the industry during the early 1970's. Sealaska, along with other Southeast Native corporations, is exempt from primary manufacture requirements for timber felled on land it owns. Native corporations' land selections were usually the most densely forested areas in the Tongass. ANCSA changed the industry in two major ways: 1) by decreasing the available high density timber for sale to non-native corporations; and 2) by providing for the first time a source of unprocessed Southeast logs for export.

In 1980, the Alaska National Interest Lands Conservation Act (ANILCA commonly referred to as d-2) was passed. The Southeast timber industry was a particular focus of this act. The policy goal embodied in ANILCA was to maintain the then current employment in the Southeast forest products industry. The method by which this goal was to be achieved was a guaranteed offering by the Forest Service of 450 MMBF annually for 10 years in the Tongass. At the time, employment was perceived as a function of the supply of timber, with sufficient demand assumed to exist. The trade-off considered in public policy debate was, bluntly put, jobs vs. wilderness. In retrospect, ANILCA overestimated the role of public policy in influencing employment. Conversely, the power of the market on the downside was either ignored or underestimated.

RECENT EVENTS

Not long after ANILCA became law, the Southeast forest products industry began a long slide into what industry sources are calling a depression. In June 1980, Southeast industry employment was 3,500. Two years later it was 2,550. Annual

average employment in 1980 was 2,700, in 1981, 2,200 and in 1982, 1,900. Recurrent temporary mill closures during 1982 make even the low employment figures deceptively high when actual days worked are considered. (See Southeast Statistical Anomalies, page 25.)

Timber harvests in Southeast Alaska totaled 556 MMBF in 1980, 513 MMBF in 1981, and 290 MMBF in 1982.^{2/}

The primary cause of these declines is a prolonged slump in Japanese housing construction. Japanese housing starts in fiscal year 1979 (Japanese fiscal years run from April to March) totaled 1.47 million. In FY 1980 starts dropped to 1.21 million, and in FY 1981 to 1.14 million. During the most recent one year period for which data are available (September 1981 through August 1982), housing starts were only 1.11 million.^{3/} Declining housing starts are reflected by a drop in Japanese demand for North American timber, from 1,285 thousand cubic meters in 1979, to 868 thousand cubic meters (estimated) in 1982.^{4/}

The unusually severe depth and duration of the downturn is eroding the financial position of industry firms. Alaska Lumber and Pulp (ALP), one of the two major corporations operating in Southeast, operates a pulp mill in Sitka and a cant mill in Wrangell. ALP is reportedly attempting to sell its pulp mill and refinance its overall operations.

Louisiana-Pacific (LP), the other major Southeast operator, is more geographically diversified than ALP, which makes analysis of its Southeast operations difficult. LP is the 18th largest U.S. paper and forest products corporation, ranked by 1981 sales.^{5/} It had the largest percentage sales decrease among the 28 major U.S. paper and forest products corporations during 1981, and one of the largest percentage profit declines. During the first three quarters of 1982, this trend continued. LP sales declined 20% and the corporation lost \$15.4 million, the second highest loss in the industry.^{6/} While LP has relatively little debt and a strong asset position, the industry recession has hurt LP as much or more than any other major paper and forest products corporation.

LP does not report separately on its Southeast operations. It is therefore not possible to state whether LP is operating at a loss in Southeast. Some industry observers see Native corporation competition hurting LP (and ALP). Exempt from primary man-

ufacture restrictions, Native corporations have captured the top end of the Japanese export market by supplying old-growth timber in the more valuable log form. Having lost the top end of the market, LP may be pulping logs which otherwise might have been exported as cants. This diversion of raw materials to a lower value product might have hurt the profitability of LP operations. The temporary closures which typified LP's 1982 operations would be consistent with lowered profitability, as LP cut nonprofitable production awaiting an upturn in markets.

CURRENT ISSUES

Clearly both LP and ALP are under financial pressure. The indefinite closure of more mills is a possibility. While cant mills are under immediate pressure due to competition from Native corporation logs, the pulp mills are the key to the Southeast industry. Both LP and ALP hold 50-year sale contracts with the Forest Service. These contracts are valuable corporate assets and are attached to the pulp mills. They can be sold with the mills, as has occurred in LP's case.^{7/} A 50-year sale is voided if a pulp mill owner closes the mill for non-market reasons. LP threatened to close its pulp mill during the 1970's if required to install pollution control equipment. This non-market based closure would have voided the contract.^{8/}

The weakened financial condition of ALP and LP bring into question the viability of the 50-year sales, which are the backbone of the industry. Although the conditions under which a sale contract would be broken are apparently subject to administrative review, continued depression in the industry could produce this result. Bankruptcy or prolonged inability to operate a pulp mill are scenarios which could void a sale. At this point it is very unlikely that this would occur. The 50-year sales allow price redeterminations designed to allow a profit for the operators. LP received a retroactive price adjustment in July which reduced its average stumpage (timber) price from \$73.15/thousand board feet to \$3.09. ALP has applied for a similar reduction. Obviously, a 50-year sale is a valuable asset, whether retained by the current owners or sold with a pulp mill. Additionally, the 50-year sales have strong political backing. Forest Service administrators would likely make every attempt to continue the sales and keep the pulp mills operating.

Another aspect of the industry affected by the slump is Forest Service sales and releases. The Forest Service is obligated to

offer at least 450 MMBF of timber per year under ANILCA. This total comes from regular sales and releases from the 50-year sales. Sales have a duration of one to eight years, with operators deciding when to log during the sale period. Operators pay for the timber when harvested. Extensions can be granted, but the operator must start paying for the timber whether or not it is cut during the extension period, under current law.

Typically, operators will close a sale contract with the Forest Service based on the future prices they expect to receive for the timber when it is harvested. During 1981 sales and releases remained high, despite the decline in actual harvest volume. In 1982 harvest volume from Forest Service land plummeted by 25%.^{9/} Early in 1982 sales and releases remained high, but in the latter half of the year they also declined. In the last quarter of 1982 no major sales were made.^{10/}

This indicates that as the downturn lengthens, firms are no longer willing and/or able to commit themselves to further future harvests. Without an increase in demand, it appears that the ANILCA-required offering of at least 450 MMBF/year will not result in anywhere near equivalent sales.

ECONOMIC OUTLOOK

The recent increase in U.S. housing starts and a broadly anticipated economic recovery have prompted many economists to predict a better year in 1983 for the U.S. forest products industry. Demographic trends point toward strong housing demand throughout the 1980's. Interest costs are generally viewed as the key housing start variable. Although interest costs have declined recently, sparking new housing construction, they remain historically very high when viewed in real terms. This is likely to continue, resulting in a trend toward smaller housing units and an increasing proportion of multiple-unit construction. While opinions vary, it is likely that much of the mill capacity closed during the current recession will never reopen. This is particularly true of Washington and Oregon.

Ironically, the Southeast Alaska forest products industry is also impacted by U.S. interest rates, but for a completely different reason. Southeast products, due to dependence on Japanese markets, are affected by the strength of the dollar against the yen. Recently the dollar has weakened against the yen. The

timing of this change suggests that U.S. interest rates are the primary influence on the yen/dollar relationship. Decreasing U.S. interest rates therefore tend to directly benefit the *lower-48* forest products industry and indirectly benefit the Alaska industry.

U.S. interest rate forecasts vary widely. Most analysts predict a continued gradual decline during 1983. Others predict increases due to the effects of the Reagan administration's gigantic budget deficit.

Japanese housing starts, another important factor in demand for Southeast forest products, have increased recently, although they remain historically low. Once again, forecasts of Japanese housing starts vary. World economic recovery would fuel Japan's export-led economy, supporting increased demand. Should a recovery fail to materialize, Japanese housing starts are unlikely to advance substantially.

Two scenarios for 1983 Southeast forest products employment can be hypothesized. Should the U.S. economy begin a long-awaited recovery accompanied by declining interest rates, industry employment can be expected to bounce back to at least the 1981 level. The financial pressure on the industry would be partially relieved. Should the U.S. recession persist, with interest rates climbing in response to record budget deficits, Southeast forest products employment is unlikely to increase. Continued financial pressure, particularly on ALP, could result in structural changes in the industry which could further reduce employment, perhaps for longer than just 1983.

The consensus of economic forecasts would tend to favor the first scenario. Considering the recent track record of economic forecasting, this is scant solace for unemployed industry workers or their employers.

SOURCES

- 1/ Alaska Department of Labor, Research and Analysis.
- 2/ "Timber Supply and Demand 1982"; U.S. Forest Service; p.4.

- 3/ "Monthly Report", Industrial Bank of Japan; November 1982; p.3.
- 4/ "Timber Supply and Demand 1982"; U.S. Forest Service; p. A-22.
- 5/ BusinessWeek, March 15, 1982; p. 93.
- 6/ BusinessWeek, November 15, 1982; p. 102.
- 7/ Al Akin, U.S. Forest Service, Timber Management, Juneau; Conversation, 12/22/82
- 8/ (same as above)
- 9/ "Timber Supply and Demand 1982"; U.S. Forest Service; p. 4, p. 12.
- 10/ Al Akin, U.S. Forest Service, Timber Management, Juneau; Conversation, 1/3/83.
-

ALASKA

By Brit Harvey

NONAGRICULTURAL EMPLOYMENT

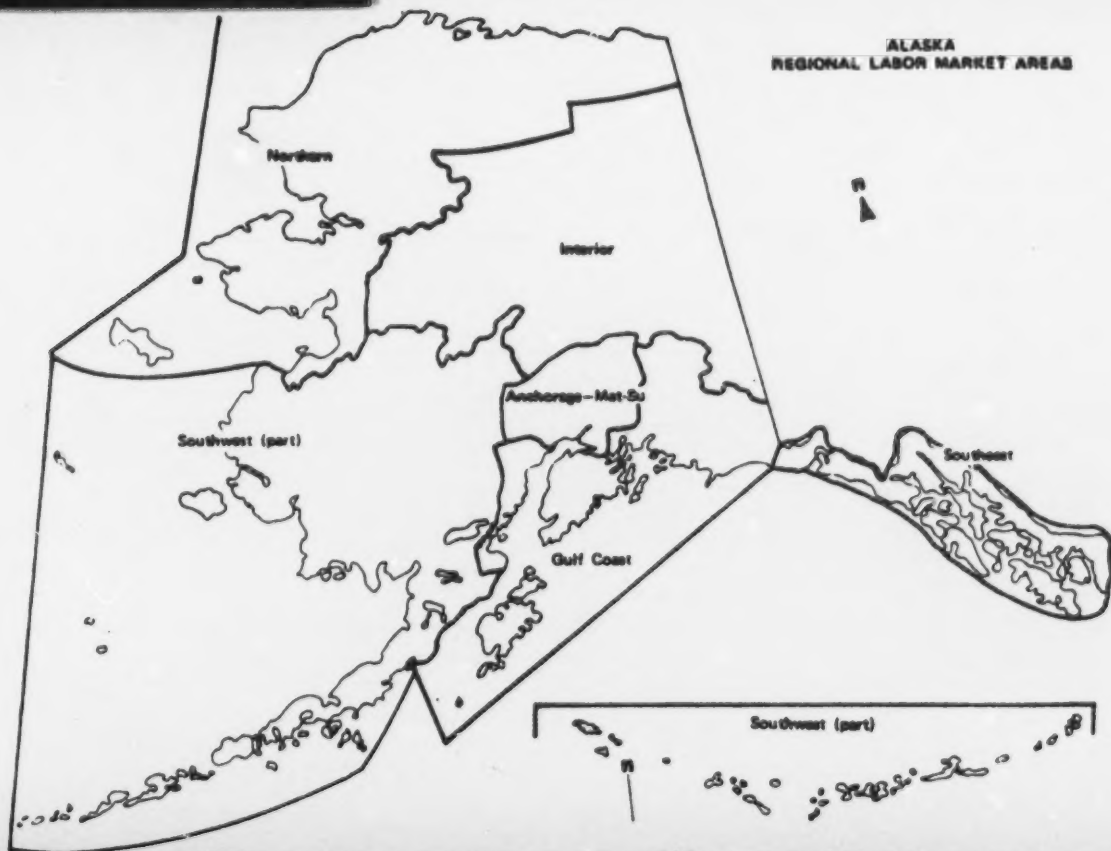
Alaska nonagricultural wage and salary employment declined in December by 1.0% to 187,500. This total was 6.5% higher than last year. After seasonal adjustment, December employment showed a strong increase, reflecting underlying growth in the Alaska economy.

1982 Alaska annual average nonagricultural employment was 187,600, a 5.8% increase over 1981. This rapid economic growth rate contrasts sharply with much of the rest of the world, where economic recession dominated 1982. Alaska's 1982 employment growth was led by construction, with a 19.8% increase over the 1981 annual average. Three secondary industries (trade; services; and finance, insurance and real estate) also contributed heavily, with growth rates in the 6-8% range. Government, Alaska's largest industry, grew at a slightly slower rate than overall employment. Seafood processing employment declined by 22.2%, as did lumber and pulp employment, which was down by 10.7%.

1982 was a year of economic dichotomies. Anchorage employment increased 9.1%, while the rest of the state experienced employment growth of 2.9%. Employment expansion was concentrated in construction and the secondary industries, both of which are largely Anchorage-based. Two of the state's traditionally important industries, seafood processing and forest products, suffered poor years and declining employment. Generally, 1982 was a strong year for nonrenewable resources and a weak one for renewable resources. Perhaps the most interesting paradox was the pervasive warnings of pending economic difficulties in the midst of a boom.

1982 also saw numerous setbacks for big projects. The Alaska Natural Gas Transportation System (ANGTS) gasoline appears to be nearly dead. The Dow-Shell study set to rest the petrochemical development issue. Doyon Native Corporation canceled plans for an oil refinery. The state's single synfuel proposal failed to receive federal subsidy. The Valdez Municipal grain terminal project, while partially completed, appears to be shaping up as a financial drain for the city. The prospects

BEST AVAILABLE COPY



**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ALASKA**

CHANGES FROM:

	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary	187500	189400	176000	-1900	11500
Mining	7600	7800	7600	-200	0
Construction	13500	14900	11800	-1400	1700
Manufacturing	7000	6800	7900	200	-900
Food & Kindred Prod.	2500	2000	3200	500	-700
Lumber & Paper Prod.	1800	1900	2000	-100	-200
All Other Mfg.	2700	2900	2700	-200	0
Trans. Comm. & Util.	18300	18600	17400	-300	900
Trucking & Whseing.	2200	2200	2200	0	0
Water Transportation	1400	1600	900	-200	500
Air Transportation	5400	5500	5300	-100	100
Other Transportation					
Comm. & Utilities	9300	9300	9000	0	300
Trade	35600	35400	32000	200	3600
Wholesale Trade	6900	6800	6300	100	600
Retail Trade	28700	28600	25700	100	3000
Gen. Merchandise					
& Apparel	5100	4700	4300	400	800
Food Stores	5000	5000	4500	0	500
Eating & Drinking					
Places	9400	9700	8800	-300	600
Other Retail Trade	9200	9200	8100	0	1100
Finance-Ins. & R. Estate ..	9200	9300	8700	-100	500
Services & Misc.	33500	33800	31400	-300	2100
Government	62800	62800	59200	0	3600
Federal Government	18300	18100	17700	200	600
State Government	18100	18200	17300	-100	800
Local Government	26400	26500	24200	-100	2200

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

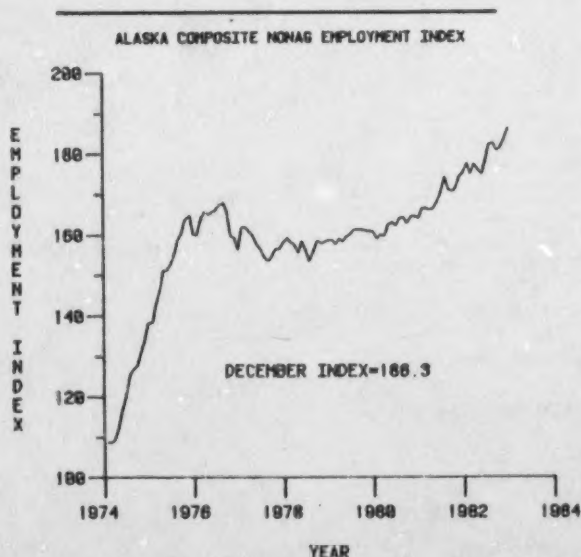
R/ Denotes revised estimates.

for export of liquified natural gas from Kenai to Point Conception, California remain dim. On the other hand, Anchorage office construction projects, harbor improvements in several towns, and massive North Slope projects are currently contributing to employment.

UNEMPLOYMENT

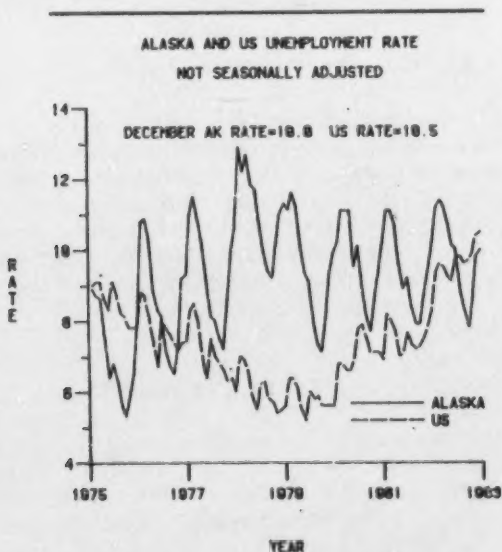
The Alaska December unemployment rate was 10.0%, the same as December 1981, and up slightly from the November rate of 9.8%. This December's increase of 0.2% percentage points was unusually small. Underlying economic expansion as evidenced by increased seasonally adjusted nonagricultural employment, helped limit the unemployment rate increase. A strong holiday buying season and the continuing impact of permanent fund dividend spending were contributing factors. December is also an unpopular month to be in Alaska in search of work.

The preliminary 1982 annual average unemployment rate for Alaska was 9.8%, slightly above the 9.4% 1981 rate. Alaska annual average unemployment has been between 9.3% and 9.8% from 1979 through 1982. The unemployment rate rose during spring with the arrival of unemployed in-migrants, but



fell back to approximately last year's level in the fall, as Alaska's economy expanded to absorb the increased labor force.

The 1982 not seasonally adjusted annual average unemployment rate for the U.S. was 9.7%, or a mere 0.1 percentage point below Alaska's comparable unemployment rate. During 1982, Alaska unemployment was about average relative to other states. This is quite a change, as Alaska has historically been a very high unemployment state. The prolonged national recession is the cause of this change. While the unemployment situation in the past two years has become slightly worse in Alaska, it has become much worse nationally, making Alaska relatively better off. While this doesn't make it easier to find a job now in Alaska, it does make Alaska a relatively better place to look than it was a few years ago.



ANCHORAGE-MATSU

By Greg Huff

LABOR FORCE

In December, the Anchorage-MatSu region's unemployment rate remained at the November level of 7.8%. The preliminary annual average rate for 1982 averaged 7.9%, nearly two percentage points below the statewide rate and three percentage points below the national rate.

Although the region's rate looks good it does not indicate a shortage of workers in the labor market. Just the opposite is true. Despite large gains in employment over the year immigration resulted in more individuals competing for those jobs.

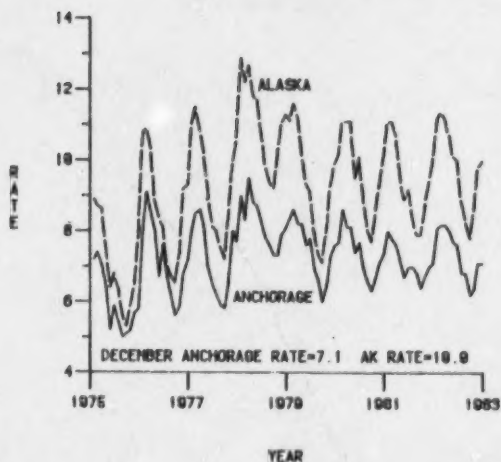
NONAGRICULTURAL EMPLOYMENT

December nonagricultural employment declined 1.4% from the November level and the seasonally adjusted employment index rose seven-tenths of a percentage point. Factors influencing this less-than-normal decline were a strong retail Christmas season and the utilization of "winter-construction-technology". Buildings across town have been enveloped with polyurethane and heated so that construction, which would have halted for winter, continues. Contractors have also been starting projects during the "off" season.

1982 ANCHORAGE EMPLOYMENT

1982 was a banner year. Anchorage nonagricultural employment averaged 91,400, a 9% increase over 1981. This increase of 7,400 jobs makes 1982 the single strongest employment growth year since 1974 when nonagricultural employment expanded 13% (8,000 jobs). The primary catalyst for the exceptional growth in 1982 was the end result of what began in 1974, the construction of the oil pipeline. Oil generated state revenues translated into record capital project appropriations and subsidized loan programs for business and home owners. Although oil prices declined in 1982 and hence lowered state revenues, the infusion of earlier oil money was in high gear. Anchorage received its share of this money for roads and buildings (public and residential), but because Anchorage is a

ANCHORAGE AND ALASKA UNEMPLOYMENT RATES



NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK ANCHORAGE-MATSU

CHANGES FROM:

	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary.....	97700	98950	99400	-1250	8300
Mining	3400	3400	3300	0	100
Construction	7750	8900	6750	-1150	1000
Manufacturing	2000	2050	1800	-50	200
Trans. Comm. & Util.	9250	9550	8700	-300	550
Trade	22500	22100	19850	400	2650
Finance-Ins. & R. Estate ..	6450	6500	5950	-50	500
Services & Misc.	19650	19550	18050	100	1600
Government	26700	26900	25000	-200	1700

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE**

CHANGES FROM:

	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary	93950	95250	85950	-1300	8000
Mining	3300	3300	3250	0	50
Construction	7450	8500	6550	-1050	900
Manufacturing	1950	2050	1750	-100	200
Food & Kindred Prod.	300	350	300	-50	0
Other Mfg.	1650	1700	1450	-50	200
Trans. Comm. & Util.	9050	9350	8300	-300	750
Trucking & Whseing.	1200	1200	1150	0	50
Water Transportation	400	500	300	-100	100
Air Transportation	3200	3300	3000	-100	200
Other Transportation					
Comm. & Utilities	4250	4350	3850	-100	400
Trade	21650	21350	19100	300	2550
Wholesale Trade	4750	4800	4550	-50	200
Retail Trade	16900	16550	14550	350	2350
Gen. Merchandise	2100	2050	2100	50	0
Food Stores	2500	2450	2200	50	300
Eating & Drinking					
Places	5800	5750	4750	50	1050
Other Retail Trade	6500	6300	5500	200	1000
Finance-Ins. & R. Estate ..	6350	6400	5850	-50	500
Services & Misc.	19100	19000	17650	100	1450
Government	25100	25300	23500	-200	1600
Federal	10000	10050	9800	-50	200
State	6350	6500	5900	-150	450
Local	8750	8750	7800	0	950

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	P 12/82	R 11/82	12/81	P 12/82	R 11/82	12/81	P 12/82	R 11/82	12/81	P 12/82	R 11/82	12/81
Alaska Statewide	196730	199203	191610	19640	19559	19200	10.0	9.8	10.0	177090	179644	172410
Anch.-MatSu Region.....	103404	104848	97736	8051	8191	7557	7.8	7.8	7.7	95353	96657	90199
Anchorage	93130	94448	88124	6614	6748	6284	7.1	7.1	7.1	86516	87700	81840
Matanuska-Susitna	10274	10400	9612	1437	1443	1253	14.0	13.9	13.0	8837	8957	8359
Gulf Coast Region	20502	21075	20865	2958	3151	2777	14.4	15.0	13.3	17544	17924	18088
Cordova	1061	1070	1107	122	111	139	11.5	10.4	12.6	939	959	968
Kenai	10698	10898	10755	1759	1765	1539	16.4	16.2	14.3	8939	9133	9216
Kodiak	4488	4803	4704	482	710	574	10.7	14.8	12.2	4006	4093	4130
Seward	1519	1545	1544	268	267	254	17.6	17.3	16.5	1251	1278	1290
Valdez	2736	2759	2755	327	298	271	12.0	10.8	9.8	2409	2461	2484
Interior Region	26453	26736	25598	3985	3869	3553	15.1	14.5	13.9	22468	22867	22045
Fairbanks	21601	21872	20864	3288	3235	2896	15.2	14.8	13.9	18313	18637	17968
Southeast Fairbanks ...	2061	2089	2071	224	219	269	10.9	10.5	13.0	1837	1870	1802
Upper Yukon	646	642	618	98	84	80	15.2	13.1	12.9	548	558	538
Yukon-Koyukuk	2145	2133	2045	375	331	308	17.5	15.5	15.1	1770	1802	1737
Northern Region	8795	8910	8613	655	622	625	7.4	7.0	7.3	8140	8288	7988
Barrow-North Slope ...	2354	2392	2300	158	156	145	6.7	6.5	6.3	2196	2236	2155
Kobuk	2710	2793	2698	184	221	219	6.8	7.9	8.1	2526	2572	2479
Nome	3731	3725	3615	313	245	261	8.4	6.6	7.2	3418	3480	3354
Southeast Region	28373	28312	28943	3289	3039	3720	11.6	10.7	12.9	25084	25273	25223
Angoon	389	374	385	57	39	51	14.7	10.4	13.2	332	335	334
Haines	1020	976	987	174	123	136	17.1	12.6	13.8	846	853	851
Juneau	9916	10030	9959	812	855	803	8.2	8.5	8.1	9104	9175	9156
Ketchikan	6006	5958	6487	729	642	1181	12.1	10.8	18.2	5277	5316	5306
Outer Ketchikan	793	825	785	171	199	160	21.6	24.1	20.4	622	626	625
Prince of Wales	1353	1371	1353	192	202	186	14.2	14.7	13.7	1161	1169	1167
Sitka	4030	4089	4143	351	383	444	8.7	9.4	10.7	3679	3706	3699
Skagway	1433	1437	1454	206	201	220	14.4	14.0	15.1	1227	1236	1234
Wrangell- Petersburg	3433	3252	3390	597	395	539	17.4	12.1	15.9	2836	2857	2851
Southwest Region	9203	9322	9855	702	687	988	7.6	7.4	10.0	8501	8635	8867
Aleutian Islands	2411	2469	2564	99	121	153	4.1	4.9	6.0	2312	2348	2411
Bethel	2943	2988	3236	239	241	415	8.1	8.1	12.8	2704	2747	2821
Bristol Bay Borough ...	333	336	355	28	26	37	8.4	7.7	10.4	305	310	318
Bristol Bay	1234	1242	1312	92	82	121	7.5	6.6	9.2	1142	1160	1191
Kuskokwim	804	816	896	67	67	127	8.3	8.2	14.2	737	749	769
Wade Hampton	1478	1471	1492	177	150	135	12.0	10.2	9.0	1301	1321	1357

P/=Preliminary 1981 Benchmark

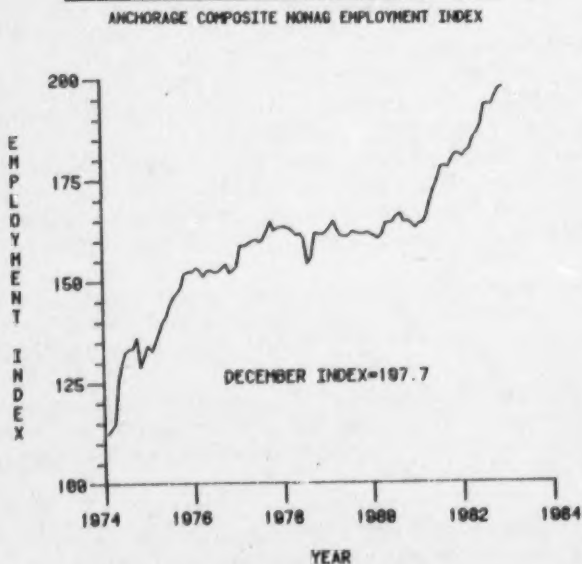
R/=Revised

Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

[Continued from page 12]

hub of commerce, finance and transportation, it also felt the impact of statewide expansion. Anchorage was less affected by the depressed lumber and pulp industry and sluggish fish processing industry.

A secondary factor of Anchorage's economic success in 1982 was the rapid influx of people from the *lower 48* states and the resulting spin-off effect (for example, increased demand for goods and services). Population has been estimated to have increased by nearly 22,000 from July 1981 to July 1982. This rapid influx is a function of the relatively good economy in Anchorage, high unemployment in the continental states, the mystique of the "Last Frontier", the myth of a shortage of workers in Alaska and its "windfall" wages.



INTERIOR/FAIRBANKS

By Neal Fried

1982 IN REVIEW

Fairbanks' labor market expanded for the second year in a row as wage and salary employment grew by a modest 3.5%. This is the largest gain Fairbanks has made on the employment scene since 1975.

At the same time, Fairbanks' population continued to grow in 1982, reaching 59,222, or a 9.7% increase since 1980. Much of this increase in population can be attributed to in-migration spurred by the terrible economic situation in the rest of the nation. This in-migration has caused the labor force to expand both on the employment and unemployment side of the equation. Unemployment has grown more rapidly than employment, which has pushed the unemployment rate up from 12.1% in 1981 to 13.9% in 1982. In other words, though Fairbanks' economy produced more jobs in 1982 (unlike most of the nation) they were quickly absorbed by job seekers. As a result, the local labor market remained extremely competitive and unable to provide jobs for all who sought work.

Employment growth did not result from any one particular project or industry, but instead from a number of Fairbanks' basic sectors. Much of this growth came from increased state expenditures which have been fueling growth throughout the state. This has come in the form of housing loan subsidies, lower mortgage rates, mining, energy and business loans, capital projects, dividend checks and growth in state and local government.

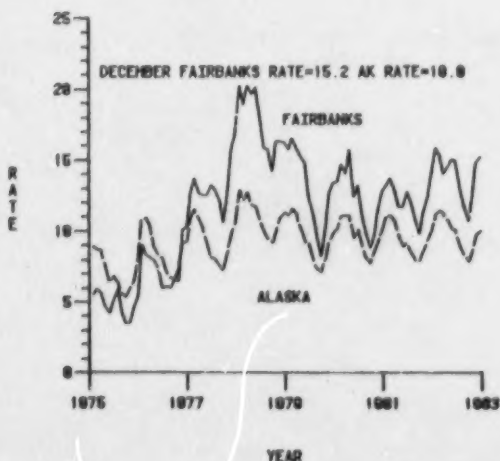
However, growth in Fairbanks can not be attributed to increased state expenditures alone. Two other major sources have been heightened activity on the North Slope and expansion of the military, particularly the Air Force. Though drilling activity declined in 1982, operations and construction grew on the North Slope. The dropoff in drilling is not felt as much in Fairbanks because drilling companies' headquarters and recruitment comes largely out of Anchorage and elsewhere. Construction and maintenance on the other hand has a more direct effect on Fairbanks because a large number of workers are dispatched from Fairbanks for this type of work. In

1981 it was estimated that 1,094 workers on the North Slope came from Fairbanks, or 22.6% of the Alaskan oil field work force-the second largest source besides Anchorage. These workers and their families in turn spend much of their income in the Fairbanks economy which creates secondary employment. A variety of services is also provided to the North Slope from Fairbanks' businesses which depend exclusively or partially on business they do with the North Slope.

The military, another basic sector in the Fairbanks economy, also experienced expansion in 1982. For the past year and a half Eielson Air Force Base has brought in an additional 500 troops. By April the number of new troops will grow to 867. Though uniformed military are not counted in the employment statistics, additional civilian support is also necessary. These additional troops also demand housing and other services which translate into expenditures made in the local economy.

These three sources of economic stimulus, state spending, North Slope activity and the military, appear to be responsible for most of the growth that occurred in Fairbanks' employment in 1982.

FAIRBANKS AND ALASKA UNEMPLOYMENT RATES



**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS**

CHANGES FROM:

	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary.....	22400	22700	21400	-300	1000
Mining	50	50	50	0	0
Construction	1550	1750	1550	-200	0
Manufacturing	450	450	450	0	0
Trans. Comm. & Util.	2750	2650	2550	100	200
Trucking & Whseing.	450	400	400	50	50
Air Transportation	650	650	650	0	0
Other Trans. Comm. & Utilities	1650	1600	1500	50	150
Trade	4250	4250	4050	0	200
Wholesale Trade	700	700	700	0	0
Retail Trade	3550	3550	3350	0	200
Gen. Merchandise & Apparel	500	450	450	50	50
Food Stores	650	650	600	0	50
Other Retail Trade	2400	2450	2300	-50	100
Finance-Ins. & R. Estate ..	800	800	750	0	50
Services & Misc.	4100	4150	3800	-50	300
Government	8450	8600	8200	-150	250
Federal	2400	2350	2300	50	50
State	3700	3850	3550	-150	150
Local	2350	2400	2300	-50	50

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

INDUSTRY PROFILE

Almost all of Fairbanks' industries were able to capture some of the growth in annual employment. Construction grew at 5.6% as residential construction slowed down in 1982. There were 8.8% fewer building permits issued this year. Increased highway and public construction more than made up for the residential shortfall. Large projects such as the construction of three elementary schools, expansion of the hospital and jail, and completion of the Ben Boeke Ice Arena are examples of this activity.

Trade and services grew as a result of growing population and greater spending power. Finance, insurance and real estate grew for similar reasons. Bank accounts grew and real estate activity remained brisk in 1982. Government also expanded, particularly local and state government. Local government grew as the demand for services increased and as increased revenues from state coffers were made available. Most of the growth in state government came from Fairbanks' single largest employer, the University of Alaska. The University of

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK INTERIOR

CHANGES FROM:

	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary.....	26100	26550	24750	-450	1350
Mining	250	250	200	0	50
Construction	1750	2000	1700	-250	50
Manufacturing	600	550	600	50	0
Trans. Comm. & Util.	3550	3550	3400	0	150
Trade	4500	4450	4200	50	300
Finance-Ins. & R. Estate ..	850	900	800	-50	50
Services & Misc.	4500	4550	4150	-50	350
Government	10100	10300	9700	-200	400

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

Alaska's student population reached such record numbers during the academic year of 1981-1982 that the university had a difficult time accommodating all of the students. The number of faculty and staff also increased. The additional faculty, staff and students in turn made expenditures in the local economy which provided additional stimulus. The only major industry that did not move forward was transportation, communications and utilities which remained largely unchanged from year-ago levels.

THE GASLINE

The Northwest Alaska Pipeline project was finally put on the back burner in 1982 after many years of delay and speculation. There was always a shroud of uncertainty surrounding the economic feasibility of the project. Apparently its high cost and the decline in oil prices caused it to be put on indefinite delay. The announcement of this delay did not cause Fairbanks' economy to shudder as one might expect from a project of its magnitude. Fairbanks' business community had treated this project with caution and did not expand or build up their inventories in response to the possibilities of this project. Approximately 100 employees from Northwest and their sub-contractors were laid off last spring and summer, but growth in



the local economy was able to more than make up for these losses.

GULF COAST

By Neal Fried

1982 IN REVIEW

Nonagricultural wage and salary employment in the Gulf Coast did not grow in 1982; it remained unchanged. This does not, however, mean the region stagnated in 1982 and there is plenty of evidence to the contrary. The total employment figure was affected by one industry. Most of the region's industries grew in 1982.

Total employment did not grow because of 1982's terrible shellfish (crab, shrimp and clams) season. This year's season was below a year ago and easily qualifies for the worst crab and shrimp season of the decade. In the past there were years when more shrimp were harvested than 1982's entire shellfish season. The Kodiak and Cook-Inlet districts were particularly hard hit. This decline in catch caused a corresponding drop in fish processing employment, which was large enough to keep total employment from growing. This occurred despite this year's salmon season catch which was above average.

Almost all other major industry categories grew in 1982. Much of the growth in these industries resulted from increased state spending in the form of capital projects, dividend checks, housing subsidies, subsidized business loans and an increase in state and local government.

Construction was probably the major beneficiary of increased state spending. Residential building permits grew by 7.6%, the largest increase in four years. Public construction also grew as the state and most of the region's communities sponsored capital improvements. Cordova, Valdez, Kodiak and Homer either completed or began major expansion of their harbor facilities. The Terror Lake Dam in Kodiak got underway and work on the Seward Marine Industrial Center continued. Soldotna began construction on a new Sports Arena and Valdez completed their new convention center. The grain elevator portion of the Valdez grain terminal was finished, although the planned conveyor system to load the elevator has not been started. School construction and expansion got underway in many of the communities. These are examples of a few of the major projects that began or were completed in 1982.

Trade and services industries also chalked up gains in 1982 due to an increase in area population and income combined with a good tourism season. Much of the increase in tourism in the region, particularly on the Kenai Peninsula, can be attributed to growth in the number of visitors from Anchorage. With Anchorage's population growing and economy in high gear, more people are choosing to spend their leisure time on the Peninsula. The burgeoning real estate sector provided for much of the growth (12.5%) in the finance, insurance and real estate industry. Government also made some gains (4.0%), all in the state and local sectors.

LABOR FORCE STATISTICS

Labor force statistics for the region did not provide much

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK GULF COAST

	CHANGES FROM:				
	P/ 12/82	R/ 11/82	12/81	11/82	12/81
Nonag. Wage & Salary.....	15300	15550	15400	-250	-100
Mining	850	850	900	0	-50
Construction	900	1050	850	-150	50
Manufacturing	1800	1700	2450	100	-650
Food & Kindred Prod.	1050	900	1700	150	-650
All Other Mfg.	750	800	750	-50	0
Trans. Comm. & Util.	1700	1750	1650	-50	50
Trade	2500	2550	2300	-50	200
Wholesale Trade	400	400	350	0	50
Retail Trade	2100	2150	1950	-50	150
Finance-Ins. & R. Estate ..	450	450	450	0	0
Services & Misc.	2550	2600	2450	-50	100
Government	4550	4600	4350	-50	200
Federal	550	500	500	50	50
State	1350	1450	1350	-100	0
Local	2650	2650	2500	0	150

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

reason for celebration. The region's preliminary annual unemployment rate of 13.4% was 1.3 percentage points higher than last year's. The region's rate almost always has been above the state's rate, largely because of the very seasonal nature of the economy. The unemployment rate was substantially higher in 1982 because of the poor shellfish season and the in-migration of job seekers. All but one of four divisions within the region had annual unemployment rates above 10%. Cordova-McCarthy was the only division with a rate below double-digit figures (9.6%). Kenai-Cook Inlet, Valdez-Chitina-Whittier and Kodiak rates registered at 15.5%, 11.4% and 11.0%, respectively. These statistics indicate that the region's labor market continues to remain out of balance as more individuals seek work than there is work available.

SOUTHEAST

By Brit Harvey

NONAGRICULTURAL EMPLOYMENT

December Southeast nonagricultural wage and salary employment was 25,900, a 1.0% decline from November, and only 1.6% above a year ago. 1982 annual average employment was 27,000, or 1.1% above 1981. Southeast clearly did not share in the economic growth experienced by the state as a whole during 1982.

SOUTHEAST STATISTICAL ANOMALIES

It is occasionally difficult to relate the statistics published here to economic events reported in the media. Several examples are considered and explained below.

Alaska Lumber and Pulp shut down its Wrangell cant mill in December. The announcement was made earlier and was reported throughout the state. This closure will not affect the Southeast employment estimates, due to the timing of the closure. Employment is estimated based on sample information for the week including the 12th of the month. The Wrangell mill closure occurred after the December "key" week. The mill is scheduled to reopen in January, and so this widely reported economic event may never show up in employment estimates.

The White Pass Railroad shut down its operations in Skagway during October, idling about 150 workers. Yet the unemployment rate listed for the Skagway-Yakutat census division is about the same as last year. Why did this widely reported layoff not effect the official statistics? Labor force statistics are calculated in accordance with a complex methodology developed by the federal government. In general, all states must follow the same procedure so that comparable unemployment rates will be available for allocation of federal funds for such programs as job training and economic development. For complex reasons related to the special railroad unemployment insurance system, the unemployment insurance claims of laid-off White Pass workers are allocated to all of Southeast, rather than Skagway. If White Pass were any other type of business, the unemployed workers would file for state unem-

ployment benefits, and the unemployed people would be allocated to Skagway rather than all of Southeast.

A third example is the Haines census division labor force, which is roughly equal to the current population of Haines. This implausible situation is once again the result of the methodology used to develop labor force statistics. There is no feasible way to estimate resident employment by census division. To solve this problem, the estimated Southeast employment is disaggregated to census divisions on the basis of census based population. Federal methodology precluded the use of the most recent census figures in 1982. These figures will be used in 1983.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK SOUTHEAST ALASKA

CHANGES FROM:

	<i>P/</i> 12/82	<i>R/</i> 11/82	12/81	11/82	12/81
Nonag. Wage & Salary.....	25900	26150	25500	-250	400
Construction	1100	1350	1100	-250	0
Manufacturing	2000	2100	2250	-100	-250
Food & Kindred Prod.....	350	350	500	0	-150
Lumber & Paper Prod. ...	1350	1500	1500	-150	-150
All Other Mfg.	300	250	250	50	50
Trans. Comm. & Util.	2200	2250	2500	-50	-300
Trade	4600	4450	4050	150	550
Wholesale Trade	350	350	400	0	-50
Retail Trade	4250	4100	3650	150	600
Finance-Ins. & R. Estate ..	1050	1050	1000	0	50
Mining,					
Services & Misc.	3750	3700	3500	50	250
Government	11200	11250	11100	-50	100
Federal	2050	2150	2250	-100	-200
State	5250	5200	4950	50	300
Local	3900	3900	3900	0	0

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1980.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

Generally, users of the data published in *Alaska Economic Trends* should be wary of figures for areas with very small populations. Regional data are more reliable than census division data, and statewide data are more reliable than regional data. These statistics are always a compromise between accuracy, cost and national uniformity. In a state such as Alaska, where very small numbers of people are spread across a vast land mass, statistics must always be carefully examined prior to analysis.

HOURS AND EARNINGS

By Brit Harvey

November hours and earnings data displayed few changes. Manufacturing average hourly earnings increased due to seasonal changes in the composition of the work force. In the lumber and pulp sector, earnings increased as higher paid pulp workers made up a larger proportion of all workers. The decline in fish processing employment resulted in higher paid lumber and pulp employees making up a larger proportion of overall manufacturing employment, boosting average hourly earnings. Construction average weekly hours showed an expected seasonal decline.

**ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/**

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 11/82	r/ 10/82	11/81	p/ 11/82	r/ 10/82	11/81	p/ 11/82	r/ 10/82	11/81
MINING	\$24.49	\$23.71	\$20.66	50.6	50.3	52.6	\$1239.19	\$1192.61	\$1086.72
CONTRACT CONST.3/	24.59	23.81	22.96	36.6	44.5	43.3	899.99	1059.55	994.17
MANUFACTURING	15.27	14.01	12.63	32.5	32.8	35.3	496.28	459.53	445.84
Food & Kindred Prod.	9.20	8.26	8.53	19.6	23.8	29.8	180.32	196.59	254.19
Lumber & Paper Prod.	16.79	16.08	15.40	39.5	39.8	40.9	663.21	639.98	629.86
TRANS., COMM. & UTIL.	14.78	15.27	15.28	38.2	38.7	37.8	564.60	590.95	577.58
TRADE	9.76	9.84	9.43	34.6	35.3	34.3	337.70	347.35	323.45
Wholesale Trade	11.31	11.66	11.35	37.3	37.9	37.4	421.86	441.91	424.49
Retail Trade	9.15	9.08	8.62	33.6	34.3	33.2	307.44	311.44	286.18
FINANCE, INS. & R.E.	--	--	--	--	--	--	346.75	344.33	349.43

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

3/ Due to technical revision in construction sample, 1982 estimates are not strictly comparable to previous years data.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.